



# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

July 29, 2008

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**SUBLEASE FOR PORTION OF COUNTY-LEASED PREMISES  
WITH THE UNITED STATES OF AMERICA  
10430 SLUSHER DRIVE, SANTA FE SPRINGS  
(FIRST DISTRICT) (3 VOTES)**

**SUBJECT**

This is a recommendation to approve and execute a Sublease Agreement (Sublease) with the United States of America for a portion of a County of Los Angeles (County) leased warehouse and office space located at 10430 Slusher Drive, Santa Fe Springs, and for the Sublease to serve as a mechanism to obtain federal reimbursement for this occupancy.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that the proposed Sublease is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1 section r of the revised Environmental Document Reporting Procedures, and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA guidelines.
2. Find that a 20,230 square foot portion together with 25 surface parking spaces of the total 45,290 square foot warehouse and office space and 50 surface parking spaces currently leased by the County at 10430 Slusher Drive, Santa Fe Springs, are not exclusively needed for County use during the term of the proposed Sublease and are currently occupied by the Federal National Disaster Medical System (NDMS) programs.

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

*"To Enrich Lives Through Effective And Caring Service"*

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Intra-County Correspondence Sent Electronically Only*

3. Approve and instruct the Chair to sign and initial the Sublease with the United States of America, through its representative, General Services Administration (GSA), for an initial term of approximately six years, and authorize the Chief Executive Office (CEO) and County Department of Health Services (DHS) to implement the project.
4. Instruct the Auditor-Controller to credit DHS for all rental payments received from this proposed Sublease.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Since 1995, the County has participated in the Federal Department of Health and Human Services' (DHHS) NDMS program by recruiting, organizing, training and maintaining a Disaster Medical Assistance Team (DMAT CA-9). Managed by the DHS' Emergency Medical Services Agency (EMSA), the NDMS program has expanded to include County sponsorship of a specialized DMAT, the National Medical Response Team – West (NMRT-W). This expansion resulted in the need for a larger space to accommodate additional equipment, supplies, personnel, and the inclusion of vehicles.

After federal grant funding became available for the NDMS programs in 2002, a federal mandate established policies requiring that a dedicated disaster staging facility be secured to support both NDMS and EMSA's expanded programs. That resulted in your Board approving the leasing of the Slusher property on December 16, 2003 (Master Lease), for a term of ten years, which contains 45,290 total square feet of warehouse and office space together with 50 off-street surface parking spaces. Of the total square footage leased by the County, 20,230 square feet are allocated to the NDMS programs.

EMSA and the two NDMS programs have occupied the Slusher property since June 2004. Since that time, funding to insure DMAT CA-9 and NMRT-W readiness as well as to secure the necessary storage and office space has been provided by DHHS through direct team project grant funding.

For that portion of the Slusher property which is dedicated to NDMS programs use, the County receives reimbursement through a direct invoice billing process with DHHS. The reimbursement received by the County is the same amount of rent per square foot that the County pays under the terms of the Master Lease.

Earlier this year, DHHS began to eliminate the use of its direct invoice billing process in connection with the allocation of NDMS grant funding. Citing the requirement to track grant funding with greater efficiency and accuracy, DHHS has requested that the rent reimbursement be made through a sublease agreement with the County.

Approval of the proposed Sublease will allow the County's continued participation in the NDMS programs and provide a mechanism for reimbursement to the County for the NDMS teams' utilization of a portion of the disaster staging facility that functions as an operations support center.

Due to federal procedure requirements, the Sublease has been drafted using GSA's standard form. Additionally, GSA has requested that the Sublease be executed by the County first.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Countywide Strategic Plan directs that we provide organizational effectiveness and ensure that service delivery systems are efficient, effective and goal-oriented (Goal 3) and that we strengthen the County's fiscal capacity (Goal 4). This project supports these goals by adhering to federal government mandates with regard to facility and program readiness, by providing a fully equipped operations center/disaster staging facility for immediate countywide implementation in case of a disaster, and by setting up a reimbursement mechanism for the receipt of applicable federal funding.

### **FISCAL IMPACT/FINANCING**

No fiscal impact is anticipated since DHHS will continue to pay a proportionate share of rent for the space utilized to operate the NDMS programs. This action changes only the mechanism for rent reimbursement to the County from a direct invoice billing process to a sublease agreement. The parties' agreement to have DHHS pay rent in the same amount that the County pays under the terms of the Master Lease will continue under the Sublease.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The DHS is the primary department for providing medical and health planning, response and recovery activities for the unincorporated areas of Los Angeles County and its 88 cities. The EMSA serves as the disaster coordinator responsible for operational area medical and health activities, as well as for coordinating disaster medical health resources within State Region I, which includes Los Angeles, Orange, Ventura, Santa Barbara, and San Luis Obispo Counties.

The DHS disaster staging facility houses the County's DHS Mobile Emergency Operation Center, disaster response vehicles, portable generators, medical equipment, tents, pharmaceutical caches, and other equipment used in disaster situations, in addition to office space, conference and staging areas for personnel.

Since June 2004, DHHS has paid a proportionate share of rent for the space and parking utilized to operate the NDMS programs through a direct invoice billing process. DHHS is eliminating use of the direct invoice billing process as the mechanism for the County to receive its rent reimbursement and has requested the use of the proposed Sublease as the new means to generate the rent reimbursement payments.

The proposed six-year Sublease contains the following provisions:

- Commencement of the Sublease shall begin upon the date on which the agreement is executed by the Federal Government, as the second signatory.
- During the initial six-year term, the Federal Government will not have any cancellation rights.
- In the event the County should exercise its option(s) to renew the Master Lease, the Federal Government shall have two options to renew this Sublease for an additional period of five years each. During each Option Term for which it elects to exercise its Option, the Federal Government shall have the right to terminate the Sublease at or after the 24th month of the Option Term by giving 60 days written notice to the County.
- The Federal Government's obligation to pay rent under the terms of the Sublease for the initial term or any option term thereafter, shall be in accordance with the per square foot rates set forth in the Rent Schedule attached as Exhibit F to the Master Lease.

County Counsel has reviewed the Sublease in connection with this transaction and has approved it as to form. DHS has reviewed and concurs with the recommended action.

#### **ENVIRONMENTAL DOCUMENTATION**

This project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1 section r of the revised Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA guidelines (Existing Facilities).

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

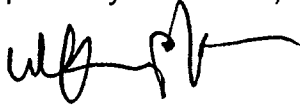
The proposed actions will have no impact on any current County services or any other planned or approved project.

The Honorable Board of Supervisors  
July 29, 2008  
Page 5

**CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors, return executed triplicate originals of the attached Sublease, two certified copies of the Minute Order, and the adopted, stamped Board letter to the Chief Executive Office Real Estate Division at 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012 for Federal Government execution and further processing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a stylized flourish at the end.

WILLIAM T FUJIOKA  
Chief Executive Officer

WFT:DL:JSE  
WLD:RL:dd

Attachments

c: County Counsel  
Department of Health Services

10430SlusherSublse.b.doc

**U.S. GOVERNMENT  
SUBLEASE FOR REAL PROPERTY**

DATE OF SUBLEASE:

LEASE No. **GS-09B-02052**

THIS SUBLEASE, made and entered into this date between: **The County of Los Angeles**

whose address is: **Chief Executive Office / Real Estate Division  
222 S. Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, CA 90012**

and whose interest in the property hereinafter described is that of LESSEE/SUB-LESSOR, (the "COUNTY") and the UNITED STATES OF AMERICA, General Services Administration (the "Government").

WITNESSETH: The parties hereto for the considerations hereinafter mentioned, covenant and agree as follows:

1. The County of Los Angeles leases to the Government the following described premises:

A total of 20,230 net rentable/ net usable square feet of warehouse and office space, together with 25 surface parking spaces located at 10430 Slusher Drive, Santa Fe Springs, CA 90040 *as shown on the drawing attached hereto as Exhibit A and by this reference made a part hereof*, to be used for such purposes as may be determined by the General Services Administration.

**THIS PARAGRAPH IS DELETED. SEE PARAGRAPH 8.**

**THIS PARAGRAPH IS DELETED. SEE PARAGRAPH 9.**

**THIS PARAGRAPH IS DELETED. SEE PARAGRAPH 8.**

The County shall furnish to the Government as part of the rental consideration, the following:

All services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements and all Labor and materials associated there with which are provided for elsewhere in this Sublease including, without limitation, janitorial services that will be performed after normal business hours.

The following are attached and made a part hereof:

All terms, conditions, and obligations of the Government and County as set forth in the following:

- a. GSA Form 3626, U.S. Government Lease For Real Property - Short Form – (1 page)
- b. Sheet Nos. 1 and 2, containing Paragraphs 8 through 10;
- c. General Clauses (33 pgs);
- d. Representations & Certifications (4 pgs);
- e. Exhibit A, drawing of offered area,
- f. Master Lease between County of Los Angeles and SFSHP Investors I, LLC Lease No. 74718 dated December 16, 2003 (38 pgs).

The following changes were made in this lease prior to its execution:

Paragraphs 2, 3 and 4 were deleted in their entirety.  
Paragraphs 8 through 10 have been added.

8. TO HAVE AND TO HOLD the said Premises with their appurtenances for a base term beginning on the day on which the Sublease is fully executed by the parties and terminating six (6) years thereafter (the "Base Term"), with no right of cancellation by the Government, except as otherwise specifically set forth herein, during the Base Term. The actual commencement and termination dates of the Base Term will be established by supplemental agreement, signed by the parties hereto. Provided that no material default has occurred and is continuing hereunder at the time the option is exercised, the Government shall have two (2) options (each, an "Option") to renew this Sublease for an additional period of five (5) years each, (each, an "Option Term"), for a total possible Sublease term of sixteen (16) years. The Government shall exercise each Option to extend this Lease by giving the County written notice of its intention to do so which shall be no later than sixty (60) days prior to the expiration of the Base Term (or the first Option Term, as the case may be). Each Option Term shall be on all the terms and conditions of this Sublease, except that the rent payable by the Government during each Option Term shall be in accordance with the per square foot rates set forth in the Rent Schedule attached as Exhibit F to the Master Lease, and the County shall have no additional obligation during the Option Terms to make any improvements to the Premises or to provide any other inducements in connection with the Option Terms. During each Option Term for which it elects to exercise its Option, the Government shall have the right to terminate this Sublease at or after the 24th month of the Option Term by giving sixty (60) days written notice to the County. Notwithstanding the foregoing, if the County elects not to exercise either of its options to extend the Master Lease, the County shall provide the Government with written notice no later than one hundred and eighty (180) days prior to the expiration of the then-current term of the Master Lease. It is the intention of the parties that the Base Term and all Option Terms of this Sublease shall run concurrently with the County's initial and extension terms under the Master Lease.

9. The Government shall pay the Lessor annual rent as follows:

Yr. 1	\$174,787.20 @ \$14,565.60 per mo. (\$0.72/sf per mo.)
Yr. 2	\$165,076.80 @ \$13,756.40 per mo. (\$0.68/sf per mo.)
Yr. 3	\$169,932.00 @ \$14,161.00 per mo. (\$0.70/sf per mo.)
Yr. 4	\$174,787.20 @ \$14,565.60 per mo. (\$0.72/sf per mo.)
Yr. 5	\$179,642.40 @ \$14,970.20 per mo. (\$0.74/sf per mo.)
Yr. 6	\$184,497.60 @ \$15,374.80 per mo. (\$0.78/sf per mo.)

Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

County of Los Angeles  
Auditor-Controller  
Franchise/Concession Section  
500 W. Temple St., Room 410  
Los Angeles, CA 90012

10. The Government and the County of Los Angeles acknowledge in all respects the terms of the Master Lease between the County and SFSHP Investors, LLP, a copy of which is attached to this Sublease. The Government recognizes the rights and obligations of the County as the Master Tenant to the Master Lease as the terms and conditions relate to this sublease. However, this Sublease shall not be construed or interpreted to assume any obligations or responsibilities that are specific to the County, or its obligations to continued compliance, as set forth in the Master Lease, in particular as provided in Section 19 (Indemnification) and Section 20 (Insurance). Otherwise, the Government understands that certain provisions of the Master Lease govern this Sublease, including but not limited to, Section 11 (Services and Utilities) and Section 22 (Environmental Matters). Notwithstanding anything to the contrary set forth in this Sublease, the terms of this Sublease, or as between the parties only, in the event of conflict between the terms of the Master Lease and the terms of this Sublease, the terms of this Sublease shall control; provided, however, in the event the observance or performance by either party hereto of the terms of this Sublease may result in a breach of the terms of the Master Lease, the subject terms of the Sublease shall be invalid and unenforceable and the corresponding terms of the Master Lease shall control.



IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

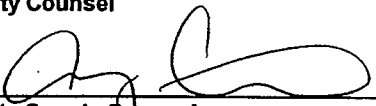
**LESSEE/SUBLESSOR:**  
**COUNTY OF LOS ANGELES**  
a body politic and corporate

By: \_\_\_\_\_  
Name: **YVONNE B. BURKE**  
Its: **Chair, Board of Supervisors**

**ATTEST:**  
**SACHI A. HAMAI**  
Executive Officer-Clerk of the Board of Supervisors

By: \_\_\_\_\_

**APPROVED AS TO FORM:**  
  
**RAYMOND G. FORTNER, JR.**  
County Counsel

By:  \_\_\_\_\_  
Deputy County Counsel  
(Signature)

IN PRESENCE OF:

\_\_\_\_\_  
(Signature) (Address)

**UNITED STATES OF AMERICA, General Services Administration, Public Buildings Service**

BY \_\_\_\_\_ CONTRACTING OFFICER, GSA, PBS, RED  
(Signature)

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**GENERAL CLAUSES**  
(Acquisition of Leasehold Interests in Real Property)

CATEGORY	CLAUSE NO.	48 CFR REF.	CLAUSE TITLE
DEFINITIONS	1	552.270-4	Definitions (Variation)
GENERAL	2	552.270-5	Subletting and Assignment
	3	552.270-11	Successors Bound
	4	552.270-23	Subordination, Nondisturbance and Attornment
	5	552.270-24	Statement of Lease
	6	552.270-25	Substitution of Tenant Agency
	7	552.270-26	No Waiver
	8	552.270-27	Integrated Agreement
	9	552.270-28	Mutuality of Obligation
PERFORMANCE	10	552.270-17	Delivery and Condition
	11	552.270-18	Default in Delivery—Time Extensions (Variation)
	12	552.270-19	Progressive Occupancy
	13	552.270-21	Effect of Acceptance and Occupancy
	14	552.270-6	Maintenance of Building and Premises— Right of Entry (Variation)
	15	552.270-10	Failure in Performance
	16	552.270-22	Default by County During the Term
	17	552.270-7	Fire and Casualty Damage
	18	552.270-8	Compliance with Applicable Law
	19	552.270-12	Alterations
	20	552.270-29	Acceptance of Space (Variation)
INSPECTION	21	552.270-9	Inspection—Right of Entry
PAYMENT	22	52.204-7	Central Contractor Registration (Variation)
	23	552.232-75	Prompt Payment
	24	552.232-76	Electronic Funds Transfer Payment (Variation)
	25	552.232-70	Invoice Requirements (Variation)
	26	52.232-23	Assignment of Claims
	27	552.270-20	Payment (Variation)
STANDARDS OF CONDUCT	28	552.203-5	Covenant Against Contingent Fees
	29	52.203-7	Anti-Kickback Procedures
	30	52.223-6	Drug-Free Workplace
ADJUSTMENTS	31	552.203-70	Price Adjustment for Illegal or Improper Activity
	32	52.215-10	Price Reduction for Defective Cost or Pricing Data
	33	552.270-13	Proposals for Adjustment
	34	552.270-14	Changes (Variation)
AUDITS	35	552.215-70	Examination of Records by GSA
	36	52.215-2	Audit and Records—Negotiation
DISPUTES	37	52.233-1	Disputes

INITIALS: \_\_\_\_\_ & \_\_\_\_\_  
LESSOR GOVERNMENT

LABOR STANDARDS	38	52.222-26	Equal Opportunity
	39	52.222-24	Preaward On-Site Equal Opportunity Compliance Evaluation
	40	52.222-21	Prohibition of Segregated Facilities
	41	52.222-35	Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans
	42	52.222-36	Affirmative Action for Workers with Disabilities
	43	52.222-37	Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans
SUBCONTRACTING	44	52.209-6	Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment
	45	52.215-12	Subcontractor Cost or Pricing Data
	46	52.219-8	Utilization of Small Business Concerns
	47	52.219-9	Small Business Subcontracting Plan
	48	52.219-16	Liquidated Damages—Subcontracting Plan

The information collection requirements contained in this solicitation/contract, that are not required by regulation, have been approved by the Office of Management and Budget pursuant to the Paperwork Reduction Act and assigned the OMB Control No. 3090-0163.

INITIALS: \_\_\_\_\_ & \_\_\_\_\_  
LESSOR GOVERNMENT

GENERAL CLAUSES  
(Acquisition of Leasehold Interests in Real Property)

**1. 552.270-4 DEFINITIONS (SEP 1999) (VARIATION)**

The following terms and phrases (except as otherwise expressly provided here or in the Master Lease, or unless the context otherwise requires) for all purposes of this lease shall have the respective meanings hereinafter specified:

- (a) "Commencement Date" means the first day of the term.
- (b) "Contract" and "Contractor" means "Sub-Lease" and "County," respectively.
- (c) "Contracting Officer" means a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized representatives of the Contracting Officer acting within the limits of their authority as delegated by the Contracting Officer.
- (d) "Delivery Date" means the date specified in or determined pursuant to the provisions of this lease for delivery of the premises to the Government, improved in accordance with the provisions of this lease and substantially complete, as such date may be modified in accordance with the provisions of this lease.
- (e) "Delivery Time" means the number of days provided by this lease for delivery of the premises to the Government, as such number may be modified in accordance with the provisions of this lease.
- (f) "Excusable Delays" mean delays arising without the fault or negligence of County and County's subcontractors and suppliers at any tier, and shall include, without limitation:
  - (1) acts of God or of the public enemy,
  - (2) acts of the United States of America in either its sovereign or contractual capacity,
  - (3) acts of another contractor in the performance of a contract with the Government,
  - (4) fires,
  - (5) floods,
  - (6) epidemics,
  - (7) quarantine restrictions,
  - (8) strikes,
  - (9) freight embargoes,
  - (10) unusually severe weather, or
  - (11) delays of subcontractors or suppliers at any tier arising from unforeseeable causes beyond the control and without the fault or negligence of both the County and any such subcontractor or supplier.
- (g) "County" means the sub-lessor if this lease is a sublease.
- (h) "County shall provide" means the County shall furnish and install at County's expense.
- (i) "Notice" means written notice sent by certified or registered mail, Express Mail or Comparable service, or delivered by hand. Notice shall be effective on the date delivery is accepted or refused.
- (j) "Premises" means the space described on the Standard Form 2, U.S. Government Lease for Real Property, of this lease.
- (l) "Substantially complete" and "substantial completion" means that the work, the common and other areas of the building, and all other things necessary for the Government's access to the premises and occupancy, possession, use and enjoyment thereof, as provided in this lease, have been completed or obtained, excepting only such minor matters as do not interfere with or materially diminish such access, occupancy, possession, use or enjoyment.
- (m) "Usable square feet" means the ANSI/BOMA Z65.1-1996 definition for BOMA usable office area, which means "The area where a tenant normally houses personnel and/or furniture, for which a measurement is to be computed."
- (n) "Work" means all alterations, improvements, modifications, and other things required for the preparation or continued occupancy of the premises by the Government as specified in this lease.

**2. 552.270-5 SUBLETTING AND ASSIGNMENT (SEP 1999)**

The Government may sublet any part of the premises but shall not be relieved from any obligations under this lease by reason of any such subletting. The Government may at any time assign this lease, and be relieved from all obligations to County under this lease excepting only unpaid rent and other liabilities, if any, that have accrued to the date of said assignment. Any assignment shall be subject to prior written consent of County, which shall not be unreasonably withheld.

**3. 552.270-11 SUCCESSORS BOUND (SEP 1999)**

This lease shall bind, and inure to the benefit of, the parties and their respective heirs, executors, administrators, successors, and assigns.

**4. 552.270-23 SUBORDINATION, NONDISTURBANCE AND ATTORNMENT (SEP 1999)**

- (a) County warrants that it holds such title to or other interest in the premises and other property as is necessary to the Government's access to the premises and full use and enjoyment thereof in accordance with the provisions of this lease. Government agrees, in consideration of the warranties and conditions set forth in this clause, that this lease is subject and subordinate to any and all recorded mortgages, deeds of trust and other liens now or hereafter existing or imposed upon the premises, and to any renewal, modification or extension thereof. It is the intention of the parties that this provision shall be self-operative and that no further instrument shall be required to effect the present or subsequent subordination of this lease. Government agrees, however, within twenty (20) business days next following the Contracting Officer's receipt of a written demand, to execute such instruments as County may reasonably request to evidence further the subordination of this lease to any existing or future mortgage, deed of trust or other security interest pertaining to the premises, and to any water, sewer or access easement necessary or desirable to serve the premises or adjoining property owned in whole or in part by County if such easement does not interfere with the full enjoyment of any right granted the Government under this lease.
- (b) No such subordination, to either existing or future mortgages, deeds of trust or other lien or security instrument shall operate to affect adversely any right of the Government under this lease so long as the Government is not in default under this lease. County will include in any future mortgage, deed of trust or other security instrument to which this lease becomes subordinate, or in a separate nondisturbance agreement, a provision to the foregoing effect. County warrants that the holders of all notes or other obligations secured by existing mortgages, deeds of trust or other security instruments have consented to the provisions of this clause, and agrees to provide true copies of all such consents to the Contracting Officer promptly upon demand.
- (c) In the event of any sale of the premises or any portion thereof by foreclosure of the lien of any such mortgage, deed of trust or other security instrument, or the giving of a deed in lieu of foreclosure, the Government will be deemed to have attorned to any purchaser, purchasers, transferee or transferees of the premises or any portion thereof and its or their successors and assigns, and any such purchasers and transferees will be deemed to have assumed all obligations of the County under this lease, so as to establish direct privity of estate and contract between Government and such purchasers or transferees, with the same force, effect and relative priority in time and right as if the lease had initially been entered into between such purchasers or transferees and the Government; provided, further, that the Contracting Officer and such purchasers or transferees shall, with reasonable promptness following any such sale or deed delivery in lieu of foreclosure, execute all such revisions to this lease, or other writings, as shall be necessary to document the foregoing relationship.
- (d) None of the foregoing provisions may be deemed or construed to imply a waiver of the Government's rights as a sovereign.

**5. 552.270-24 STATEMENT OF LEASE (SEP 1999)**

- (a) The Contracting Officer will, within thirty (30) days next following the Contracting Officer's receipt of a joint written request from County and a prospective lender or purchaser of the building, execute and deliver to County a letter stating that the same is issued subject to the conditions stated in this clause and, if such is the case, that (1) the lease is in full force and effect; (2) the date to which the rent and other charges have been paid in advance, if any; and (3) whether any notice of default has been issued.

(b) Letters issued pursuant to this clause are subject to the following conditions:

- (1) That they are based solely upon a reasonably diligent review of the Contracting Officer's lease file as of the date of issuance;
- (2) That the Government shall not be held liable because of any defect in or condition of the premises or building;
- (3) That the Contracting Officer does not warrant or represent that the premises or building comply with applicable Federal, State and local law; and
- (4) That the County, and each prospective lender and purchaser are deemed to have constructive notice of such facts as would be ascertainable by reasonable prepurchase and precommitment inspection of the Premises and Building and by inquiry to appropriate Federal, State and local Government officials.

**6. 552.270-25 SUBSTITUTION OF TENANT AGENCY (SEP 1999)**

The Government may, at any time and from time to time, substitute any Government agency or agencies for the Government agency or agencies, if any, named in the lease.

**7. 552.270-26 NO WAIVER (SEP1999)**

No failure by either party to insist upon the strict performance of any provision of this lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial rent or other performance by either party during the continuance of any such breach shall constitute a waiver of any such breach of such provision.

**8. 552.270-27 INTEGRATED AGREEMENT (SEP 1999)**

This Lease, upon execution, contains the entire agreement of the parties and no prior written or oral agreement, express or implied, shall be admissible to contradict the provisions of the Lease.

**9. 552.270-28 MUTUALITY OF OBLIGATION (SEP 1999)**

The obligations and covenants of the County, and the Government's obligation to pay rent and other Government obligations and covenants, arising under or related to this Lease, are interdependent. The Government may, upon issuance of and delivery to County of a final decision asserting a claim against County, set off such claim, in whole or in part, as against any payment or payments then or thereafter due the County under this lease. No setoff pursuant to this clause shall constitute a breach by the Government of this lease.

**10. 552.270-17 DELIVERY AND CONDITION (SEP 1999)**

- (a) Unless the Government elects to have the space occupied in increments, the space must be delivered ready for occupancy as a complete unit. The Government reserves the right to determine when the space is substantially complete.
- (b) If the premises do not in every respect comply with the provisions of this lease the Contracting Officer may, in accordance with the Failure in Performance clause of this lease, elect to reduce the rent payments.

**11. 552.270-18 DEFAULT IN DELIVERY—TIME EXTENSIONS (SEP 1999) (VARIATION)**

With regard to this section, the County has delivered the premises to the Government which equals 20,230 net rentable square feet

**12. 552.270-19 PROGRESSIVE OCCUPANCY (SEP 1999)**

**INTENTIONALLY OMITTED**

**13. 552.270-21 EFFECT OF ACCEPTANCE AND OCCUPANCY (SEP 1999)**

Neither the Government's acceptance of the premises for occupancy, nor the Government's occupancy thereof, shall be construed as a waiver of any requirement of or right of the Government under this Lease, or as otherwise prejudicing the Government with respect to any such requirement or right.

**14. 552.270-6 MAINTENANCE OF BUILDING AND PREMISES—RIGHT OF ENTRY (SEP 1999)  
(VARIATION)**

Except in case of damage arising out of the willful act or negligence of a Government employee, County shall maintain the premises, including the building, building systems, and all equipment, fixtures, and appurtenances furnished by the County under this lease, in good repair and condition so that they are suitable in appearance and capable of supplying such heat, air conditioning, light, ventilation, safety systems, access and other things to the premises, without reasonably preventable or recurring disruption, as is required for the Government's access to, occupancy, possession, use and enjoyment of the premises as provided in this lease. For the purpose of so maintaining the premises, the County may at reasonable times enter the premises with the approval of the authorized Government representative in charge.

**15. 552.270-10 FAILURE IN PERFORMANCE (SEP 1999)**

The covenant to pay rent and the covenant to provide any service, utility, maintenance, or repair required under this lease are interdependent. In the event of any failure by the County to provide any service, utility, maintenance, repair or replacement required under this lease the Government may, by contract or otherwise, perform the requirement and deduct from any payment or payments under this lease, then or thereafter due, the resulting cost to the Government, including all administrative costs. If the Government elects to perform any such requirement, the Government and each of its contractors shall be entitled to access to any and all areas of the building, access to which is necessary to perform any such requirement, and the County shall afford and facilitate such access. Alternatively, the Government may deduct from any payment under this lease, then or thereafter due, an amount which reflects the reduced value of the contract requirement not performed. No deduction from rent pursuant to this clause shall constitute a default by the Government under this lease. These remedies are not exclusive and are in addition to any other remedies which may be available under this lease or at law. Notwithstanding the foregoing, the Government may not exercise any of the rights granted to it by this Section 15 unless County's failure to perform continues for a period of 30 (thirty) days after written notice to the County; provided, however, that if more than thirty (3) days are reasonably required to cure the default then the County shall notify the Government in writing within the cure period, and shall not be deemed to be in default if County commences such cure within the thirty (30) day cure period, and thereafter diligently prosecutes such cure to completion.

**16. 552.270-22 DEFAULT BY COUNTY DURING THE TERM (SEP 1999)**

(a) Each of the following shall constitute a default by County under this lease:

- (1) Failure to maintain, repair, operate or service the premises as and when specified in this lease, or failure to perform any other requirement of this lease as and when required provided any such failure shall remain uncured for a period of thirty (30) days next following County's receipt of notice thereof from the Contracting Officer or an authorized representative.
- (2) Repeated and unexcused failure by County to comply with one or more requirements of this lease shall constitute a default notwithstanding that one or all such failures shall have been timely cured pursuant to this clause.

(b) If a default occurs, the Government may, by notice to County, terminate this lease for default and if so terminated, the Government shall be entitled to the damages specified in the Default in Delivery-Time Extensions clause.



**17. 552.270-7 FIRE AND CASUALTY DAMAGE (SEP 1999)**

If the entire premises are destroyed by fire or other casualty, this lease will immediately terminate. In case of partial destruction or damage, so as to render the premises untenable, as determined by the Government, the Government may terminate the lease by giving written notice to the County within 15 calendar days of the fire or other casualty; if so terminated, no rent will accrue to the County after such partial destruction or damage; and if not so terminated, the rent will be reduced proportionately by supplemental agreement hereto effective from the date of such partial destruction or damage. Nothing in this lease shall be construed as relieving County from liability for damage to or destruction of property of the United States of America caused by the willful or negligent act or omission of County.

**18. 552.270-8 COMPLIANCE WITH APPLICABLE LAW (SEP 1999)**

County shall comply with all Federal, state and local laws applicable to the County as owner or County, or both, of the building or premises, including, without limitation, laws applicable to the construction, ownership, alteration or operation of both or either thereof, and will obtain all necessary permits, licenses and similar items at County's expense. The Government will comply with all Federal, State and local laws applicable to and enforceable against it as a tenant under this lease; provided that nothing in this lease shall be construed as a waiver of any sovereign immunity of the Government. This lease shall be governed by Federal law.

**19. 552.270-12 ALTERATIONS (SEP 1999)**

The Government shall have the right during the existence of this lease to make alterations, attach fixtures, and erect structures or signs in or upon the premises hereby leased, which fixtures, additions or structures so placed in, on, upon, or attached to the said premises shall be and remain the property of the Government and may be removed or otherwise disposed of by the Government. If the lease contemplates that the Government is the sole occupant of the building, for purposes of this clause, the leased premises include the land on which the building is sited and the building itself. Otherwise, the Government shall have the right to tie into or make any physical connection with any structure located on the property as is reasonably necessary for appropriate utilization of the leased space.

**20. 552.270-29 ACCEPTANCE OF SPACE (SEP 1999) (VARIATION)**

- (a) When the County has completed all alterations, improvements, and repairs necessary to meet the requirements of the lease, the County shall notify the Contracting Officer. The Contracting Officer or designated representative shall promptly inspect the space.
- (b) The Government will accept the space and the lease term will begin after determining that the space is substantially complete and contains the required ANSI/BOMA Office Area square footage as indicated in the paragraph of this solicitation entitled "Amount and Type of Space."
- (c) For purpose of this Sublease, the Government has accepted the space.

**21. 552.270-9 INSPECTION—RIGHT OF ENTRY (SEP 1999)**

- (a) At any time and from time to time after receipt of an offer (until the same has been duly withdrawn or rejected), after acceptance thereof and during the term, the agents, employees and contractors of the Government may, upon reasonable prior notice to Offeror or County, enter upon the offered premises or the premises, and all other areas of the building access to which is necessary to accomplish the purposes of entry, to determine the potential or actual compliance by the Offeror or County with the requirements of the solicitation or this lease, which purposes shall include, but not be limited to:
  - (1) inspecting, sampling and analyzing of suspected asbestos-containing materials and air monitoring for asbestos fibers;
  - (2) inspecting the heating, ventilation and air conditioning system, maintenance records, and mechanical rooms for the offered premises or the premises;
  - (3) inspecting for any leaks, spills, or other potentially hazardous conditions which may involve tenant exposure to hazardous or toxic substances; and
  - (4) inspecting for any current or past hazardous waste operations, to ensure that appropriate mitigative actions were taken to alleviate any environmentally unsound activities in accordance with Federal, State and local law.
- (b) Nothing in this clause shall be construed to create a Government duty to inspect for toxic materials or to impose a higher standard of care on the Government than on other lessees.

The purpose of this clause is to promote the ease with which the Government may inspect the building. Nothing in this clause shall act to relieve the County of any duty to inspect or liability which might arise as a result of County's failure to inspect for or correct a hazardous condition.

**22. 52.204-7 CENTRAL CONTRACTOR REGISTRATION (OCT 2003) (VARIATION)**

(a) Definitions. As used in this clause—

"Central Contractor Registration (CCR) database" means the primary Government repository for Contractor information required for the conduct of business with the Government.

"Data Universal Numbering System (DUNS) number" means the 9-digit number assigned by Dun and Bradstreet, Inc. (D&B) to identify unique business entities.

"Data Universal Numbering System +4 (DUNS+4) number" means the DUNS number assigned by D&B plus a 4-character suffix that may be assigned by a business concern. (D&B has no affiliation with this 4-character suffix.) This 4-character suffix may be assigned at the discretion of the business concern to establish additional CCR records for identifying alternative Electronic Funds Transfer (EFT) accounts for the same parent concern.

"Offeror" means the owner of the property offered, not an individual or agent representing the owner.

"Registered in the CCR database" means that—

- (1) The Contractor has entered all mandatory information, including the DUNS number or the DUNS+4 number, into the CCR database; and
  - (2) The Government has validated all mandatory data fields and has marked the record "Active."
- (b)
- (1) By submission of an offer, the Offeror acknowledges the requirement that a prospective awardee must be registered with D&B and in the CCR database prior to award, during performance, and through final payment of any contract resulting from this solicitation.
  - (2) The Offeror shall enter in the appropriate block, on the GSA Form 3518, entitled Representations and Certifications, the legal entity's name and address, followed by the DUNS or DUNS +4 number that identifies the Offeror's name and address exactly as stated in the offer. The DUNS number will be used by the Contracting Officer to verify that the Offeror is registered in the CCR database.
- (c) If the Offeror does not have a DUNS number, it should contact Dun and Bradstreet directly to obtain one.
- (1) An Offeror may obtain a DUNS number—
    - (i) If located within the United States, by calling Dun and Bradstreet at 1-866-705-5711 or via the Internet at <http://www.dnb.com>; or
    - (ii) If located outside the United States, by contacting the local Dun and Bradstreet office.
  - (2) The Offeror should be prepared to provide the following information:
    - (i) Company legal business.
    - (ii) Tradestyle, doing business, or other name by which your entity is commonly recognized.
    - (iii) Company Physical Street Address, City, State, and ZIP Code.
    - (iv) Company Mailing Address, City, State and ZIP Code (if separate from physical).
    - (v) Company Telephone Number.
    - (vi) Date the company was started.
    - (vii) Number of employees at your location.
    - (viii) Chief executive officer/key manager.
    - (ix) Line of business (industry).
    - (x) Company Headquarters name and address (reporting relationship within your entity).

- (d) If the Offeror does not become registered in the CCR database in the time prescribed by the Contracting Officer, the Contracting Officer will proceed to award to the next otherwise successful registered Offeror.
- (e) Processing time, which normally takes 48 hours, should be taken into consideration when registering. Offerors who are not registered should consider applying for registration immediately upon receipt of this solicitation.
- (f) The Contractor is responsible for the accuracy and completeness of the data within the CCR database, and for any liability resulting from the Government's reliance on inaccurate or incomplete data. To remain registered in the CCR database after the initial registration, the Contractor is required to review and update on an annual basis from the date of initial registration or subsequent updates its information in the CCR database to ensure it is current, accurate and complete. Updating information in the CCR does not alter the terms and conditions of this contract and is not a substitute for a properly executed contractual document.
- (g)
  - (1)
    - (i) If a Contractor has legally changed its business name, "doing business as" name, or division name (whichever is shown on the contract), or has transferred the assets used in performing the contract, the Contractor shall comply with the requirements of Subpart 42.12 of the Federal Acquisition Regulations (FAR) and provide the responsible Contracting Officer a fully revised and initialed/signed GSA Form 3518, entitled Representations and Certifications, along with written notification of its intention to (A) change the name in the CCR database; and (B) provide the Contracting Officer with sufficient documentation to verify and confirm the legally changed name or change in ownership.
    - (ii) If the Contractor fails to comply with the requirements of paragraph (g)(1)(i) of this clause, or fails to perform the agreement at paragraph (g)(1)(i)(C) of this clause, and, in the absence of a properly executed novation or change-of-name agreement, the CCR information that shows the Contractor to be other than the Contractor indicated in the contract will be considered to be incorrect information within the meaning of the "Suspension of Payment" paragraph of the electronic funds transfer (EFT) clause of this contract.
  - (2) The Contractor shall not change the name or address for EFT payments or manual payments, as appropriate, in the CCR record to reflect an assignee for the purpose of assignment of claims. Assignees shall be separately registered in the CCR database. Information provided to the Contractor's CCR record that indicates payments, including those made by EFT, to an ultimate recipient other than that Contractor will be considered to be incorrect information.
- (h) Offerors and Contractors may obtain information on registration and annual confirmation requirements via the internet at <http://www.ccr.gov> or by calling 1-888-227-2423, or 269-961-5757.

**23. 552.232-75 PROMPT PAYMENT (SEP 1999)**

The Government will make payments under the terms and conditions specified in this clause. Payment shall be considered as being made on the day a check is dated or an electronic funds transfer is made. All days referred to in this clause are calendar days, unless otherwise specified.

(a) *Payment due date.*

- (1) *Rental payments.* Rent shall be paid monthly in arrears and will be due on the first workday of each month, and only as provided for by the lease.
  - (i) When the date for commencement of rent falls on the 15<sup>th</sup> day of the month or earlier, the initial monthly rental payment under this contract shall become due on the first workday of the month following the month in which the commencement of the rent is effective.
  - (ii) When the date for commencement of rent falls after the 15<sup>th</sup> day of the month, the initial monthly rental payment under this contract shall become due on the first workday of the second month following the month in which the commencement of the rent is effective.
- (2) *Other payments.* The due date for making payments other than rent shall be the later of the following two events:

- (i) The 30<sup>th</sup> day after the designated billing office has received a proper invoice from the Contractor.
- (ii) The 30<sup>th</sup> day after Government acceptance of the work or service. However, if the designated billing office fails to annotate the invoice with the actual date of receipt, the invoice payment due date shall be deemed to be the 30<sup>th</sup> day after the Contractor's invoice is dated, provided a proper invoice is received and there is no disagreement over quantity, quality, or Contractor compliance with contract requirements.

(b) *Invoice and inspection requirements for payments other than rent.*

- (1) The Contractor shall prepare and submit an invoice to the designated billing office after completion of the work. A proper invoice shall include the following items:
  - (i) Name and address of the Contractor.
  - (ii) Invoice date.
  - (iii) Lease number.
  - (iv) Government's order number or other authorization.
  - (v) Description, price, and quantity of work or services delivered.
  - (vi) Name and address of Contractor official to whom payment is to be sent (must be the same as that in the remittance address in the lease or the order).
  - (vii) Name (where practicable), title, phone number, and mailing address of person to be notified in the event of a defective invoice.
- (2) The Government will inspect and determine the acceptability of the work performed or services delivered within 7 days after the receipt of a proper invoice or notification of completion of the work or services unless a different period is specified at the time the order is placed. If actual acceptance occurs later, for the purpose of determining the payment due date and calculation of interest, acceptance will be deemed to occur on the last day of the 7-day inspection period. If the work or service is rejected for failure to conform to the technical requirements of the contract, the 7 days will be counted beginning with receipt of a new invoice or notification. In either case, the Contractor is not entitled to any payment or interest unless actual acceptance by the Government occurs.

(c) *Interest Penalty.*

- (1) An interest penalty shall be paid automatically by the Government, without request from the Contractor, if payment is not made by the due date.
- (2) The interest penalty shall be at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the day after the due date. This rate is referred to as the "Renegotiation Board Interest Rate," and it is published in the *Federal Register* semiannually on or about January 1 and July 1. The interest penalty shall accrue daily on the payment amount approved by the Government and be compounded in 30-day increments inclusive from the first day after the due date through the payment date.
- (3) Interest penalties will not continue to accrue after the filing of a claim for such penalties under the clause at 52.233-1, Disputes, or for more than 1 year. Interest penalties of less than \$1.00 need not be paid.
- (4) Interest penalties are not required on payment delays due to disagreement between the Government and Contractor over the payment amount or other issues involving contract compliance or on amounts temporarily withheld or retained in accordance with the terms of the contract. Claims involving disputes, and any interest that may be payable, will be resolved in accordance with the clause at 52.233-1, Disputes.

**24. 552.232-76 ELECTRONIC FUNDS TRANSFER PAYMENT (MAR 2000) (VARIATION)**

- (a) The Government will make payments under this lease by electronic funds transfer (EFT). The County must, no later than 30 days before the first payment:
  - (1) Designate a financial institution for receipt of EFT payments.
  - (2) Submit this designation to the Contracting Officer or other Government official, as directed.
- (b) The County must provide the following information:

- (1) The American Bankers Association 9-digit identifying number for Automated Clearing House (ACH) transfers of the financing institution receiving payment if the institution has access to the Federal Reserve Communications System.
  - (2) Number of account to which funds are to be deposited.
  - (3) Type of depositor account ("C" for checking, "S" for savings).
  - (4) If the County is a new enrollee to the EFT system, the County must complete and submit Form SF 3881, ACH Vendor/Miscellaneous Payment Enrollment Form, before payment can be processed.
- (c) If the County, during the performance of this contract, elects to designate a different financial institution for the receipt of any payment, the appropriate Government official must receive notice of such change and the required information specified above no later than 30 days before the date such change is to become effective.
  - (d) The documents furnishing the information required in this clause must be dated and contain the:
    - (1) Signature, title, and telephone number of the County or the County's authorized representative.
    - (2) County's name.
    - (3) Lease number.
  - (e) County's failure to properly designate a financial institution or to provide appropriate payee bank account information may delay payments of amounts otherwise properly due.

**25. 552.232-70 INVOICE REQUIREMENTS (SEP 1999) (VARIATION)**

(This clause is applicable to payments other than rent.)

- (a) Invoices shall be submitted in an original only, unless otherwise specified, to the designated billing office specified in this contract or order.
- (b) Invoices must include the Accounting Control Transaction (ACT) number provided below or on the order.

ACT Number (to be supplied on individual orders)

- (c) If information or documentation in addition to that required by the Prompt Payment clause of this contract is required in connection with an invoice for a particular order, the order will indicate what information or documentation must be submitted.

**26. 52.232-23 ASSIGNMENT OF CLAIMS (JAN 1986)**

(Applicable to leases over \$2,500.)

- (a) The Contractor, under the Assignment of Claims Act, as amended, 31 U.S.C. 3727, 41 U.S.C. 15 (hereafter referred to as "the Act"), may assign its rights to be paid amounts due or to become due as a result of the performance of this contract to a bank, trust company, or other financing institution, including any Federal lending agency. The assignee under such an assignment may thereafter further assign or reassign its right under the original assignment to any type of financing institution described in the preceding sentence.
- (b) Any assignment or reassignment authorized under the Act and this clause shall cover all unpaid amounts payable under this contract, and shall not be made to more than one party, except that an assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in the financing of this contract.
- (c) The Contractor shall not furnish or disclose to any assignee under this contract any classified document (including this contract) or information related to work under this contract until the Contracting Officer authorizes such action in writing.

INITIALS: \_\_\_\_\_ & \_\_\_\_\_  
LESSOR GOVERNMENT

**27. 552.270-20 PAYMENT (SEP 1999) (VARIATION)**

- (a) When space is offered and accepted, the ANSI/BOMA Office Area square footage delivered will be confirmed by:
- (1) the Government's measurement of plans submitted by the successful Offeror as approved by the Government, and an inspection of the space to verify that the delivered space is in conformance with such plans or
  - (2) a mutual on-site measurement of the space, if the Contracting Officer determines that it is necessary.
- (b) Payment will not be made for space which is in excess of the amount of ANSI/BOMA Office Area square footage stated in the lease.
- (c) If it is determined that the amount of ANSI/BOMA Office Area square footage actually delivered is less than the amount agreed to in the lease, the lease will be modified to reflect the amount of Usable space delivered and the annual rental will be adjusted as follows:

Usable square feet not delivered multiplied by the ANSI/BOMA Office Area square foot (USF) rate equals the reduction in annual rent. The rate per USF is determined by dividing the total annual rental by the Usable square footage set forth in the lease.

USF Not Delivered X Rate per USF = Reduction in Annual Rent.

**28. 552.203-5 COVENANT AGAINST CONTINGENT FEES (FEB 1990)**

(Applicable to leases over \$100,000.)

- (a) The Contractor warrants that no person or agency has been employed or retained to solicit or obtain this contract upon an agreement or understanding for a contingent fee, except a bona fide employee or agency. For breach or violation of this warranty, the Government shall have the right to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration, or otherwise recover the full amount of the contingent fee.
- (b) "Bona fide agency," as used in this clause, means an established commercial or selling agency (including licensed real estate agents or brokers), maintained by a Contractor for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds itself out as being able to obtain any Government contract or contracts through improper influence.

"Bona fide employee," as used in this clause, means a person, employed by a Contractor and subject to the Contractor's supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds out as being able to obtain any Government contract or contracts through improper influence.

"Contingent fee," as used in this clause, means any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a Government contract.

"Improper influence," as used in this clause, means any influence that induces or tends to induce a Government employee or officer to give consideration or to act regarding a Government contract on any basis other than the merits of the matter.

**29. 52.203-7 ANTI-KICKBACK PROCEDURES (JUL 1995)**

(Applicable to leases over \$100,000 average net annual rental, including option periods.)

- (a) *Definitions.*

"Kickback," as used in this clause, means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to any prime Contractor, prime Contractor employee, subcontractor, or subcontractor employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contract or in connection with a subcontract relating to a prime contract.

"Person," as used in this clause, means a corporation, partnership, business association of any kind, trust, joint-stock company, or individual.

"Prime contract," as used in this clause, means a contract or contractual action entered into by the United States for the purpose of obtaining supplies, materials, equipment, or services of any kind.

"Prime Contractor," as used in this clause, means a person who has entered into a prime contract with the United States.

"Prime Contractor employee," as used in this clause, means any officer, partner, employee, or agent of a prime Contractor.

"Subcontract," as used in this clause, means a contract or contractual action entered into by a prime Contractor or subcontractor for the purpose of obtaining supplies, materials, equipment, or services of any kind under a prime contract.

"Subcontractor," as used in this clause, (1) means any person, other than the prime Contractor, who offers to furnish or furnishes any supplies, materials, equipment, or services of any kind under a prime contract or a subcontract entered into in connection with such prime contract, and (2) includes any person who offers to furnish or furnishes general supplies to the prime Contractor or a higher tier subcontractor.

"Subcontractor employee," as used in this clause, means any officer, partner, employee, or agent of a subcontractor.

- (b) The Anti-Kickback Act of 1986 (41 U.S.C. 51-58) (the Act), prohibits any person from—
- (1) Providing or attempting to provide or offering to provide any kickback;
  - (2) Soliciting, accepting, or attempting to accept any kickback; or
  - (3) Including, directly or indirectly, the amount of any kickback in the contract price charged by a prime Contractor to the United States or in the contract price charged by a subcontractor to a prime Contractor or higher tier subcontractor.
- (c)
- (1) The Contractor shall have in place and follow reasonable procedures designed to prevent and detect possible violations described in paragraph (b) of this clause in its own operations and direct business relationships.
  - (2) When the Contractor has reasonable grounds to believe that a violation described in paragraph (b) of this clause may have occurred, the Contractor shall promptly report in writing the possible violation. Such reports shall be made to the inspector general of the contracting agency, the head of the contracting agency if the agency does not have an inspector general, or the Department of Justice.
  - (3) The Contractor shall cooperate fully with any Federal agency investigating a possible violation described in paragraph (b) of this clause.
  - (4) The Contracting Officer may (i) offset the amount of the kickback against any monies owed by the United States under the prime contract and/or (ii) direct that the Prime Contractor withhold from sums owed a subcontractor under the prime contract, the amount of the kickback. The Contracting Officer may order that monies withheld under subdivision (c)(4)(ii) of this clause be paid over to the Government unless the Government has already offset those monies under subdivision (c)(4)(i) of this clause. In either case, the Prime Contractor shall notify the Contracting Officer when the monies are withheld.
  - (5) The Contractor agrees to incorporate the substance of this clause, including paragraph (c)(5) but excepting paragraph (c)(1), in all subcontracts under this contract which exceed \$100,000.

**30. 52.223-6 DRUG-FREE WORKPLACE (MAY 2001)**

- (a) *Definitions.* As used in this clause—

"Controlled substance" means a controlled substance in schedules I through V of section 202 of the Controlled Substances Act (21 U.S.C. 812) and as further defined in regulation at 21 CFR 1308.11 - 1308.15.

"Conviction" means a finding of guilt (including a plea of *nolo contendere*) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes.

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, possession, or use of any controlled substance.

"Drug-free workplace" means the site(s) for the performance of work done by the Contractor in connection with a specific contract where employees of the Contractor are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance.

"Employee" means an employee of a Contractor directly engaged in the performance of work under a Government contract. "Directly engaged" is defined to include all direct cost employees and any other Contractor employee who has other than a minimal impact or involvement in contract performance.

"Individual" means an Offeror/Contractor that has no more than one employee including the Offeror/Contractor.

- (b) The Contractor, if other than an individual, shall—within 30 days after award (unless a longer period is agreed to in writing for contracts of 30 days or more performance duration), or as soon as possible for contracts of less than 30 days performance duration—
- (1) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition;
  - (2) Establish an ongoing drug-free awareness program to inform such employees about—
    - (i) The dangers of drug abuse in the workplace;
    - (ii) The Contractor's policy of maintaining a drug-free workplace;
    - (iii) Any available drug counseling, rehabilitation, and employee assistance programs; and
    - (iv) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
  - (3) Provide all employees engaged in performance of the contract with a copy of the statement required by paragraph (b)(1) of this clause;
  - (4) Notify such employees in writing in the statement required by paragraph (b)(1) of this clause that, as a condition of continued employment on this contract, the employee will—
    - (i) Abide by the terms of the statement; and
    - (ii) Notify the employer in writing of the employee's conviction under a criminal drug statute for a violation occurring in the workplace no later than 5 days after such conviction;
  - (5) Notify the Contracting Officer in writing within 10 days after receiving notice under subdivision (b)(4)(ii) of this clause, from an employee or otherwise receiving actual notice of such conviction. The notice shall include the position title of the employee;
  - (6) Within 30 days after receiving notice under subdivision (b)(4)(ii) of this clause of a conviction, take one of the following actions with respect to any employee who is convicted of a drug abuse violation occurring in the workplace:
    - (i) Taking appropriate personnel action against such employee, up to and including termination; or
    - (ii) Require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency; and
  - (7) Make a good faith effort to maintain a drug-free workplace through implementation of paragraphs (b)(1) through (b)(6) of this clause.
- (c) The Contractor, if an individual, agrees by award of the contract or acceptance of a purchase order, not to engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance while performing this contract.



- (d) In addition to other remedies available to the Government, the Contractor's failure to comply with the requirements of paragraph (b) or (c) of this clause may, pursuant to FAR 23.506, render the Contractor subject to suspension of contract payments, termination of the contract or default, and suspension or debarment.

**31. 552.203-70 PRICE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (SEP 1999)**

(Applicable to leases over \$100,000.)

- (a) If the head of the contracting activity (HCA) or his or her designee determines that there was a violation of subsection 27(a) of the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 423), as implemented in the Federal Acquisition Regulation, the Government, at its election, may—
  - (1) Reduce the monthly rental under this lease by 5 percent of the amount of the rental for each month of the remaining term of the lease, including any option periods, and recover 5 percent of the rental already paid;
  - (2) Reduce payments for alterations not included in monthly rental payments by 5 percent of the amount of the alterations agreement; or
  - (3) Reduce the payments for violations by a County's subcontractor by an amount not to exceed the amount of profit or fee reflected in the subcontract at the time the subcontract was placed.
- (b) Prior to making a determination as set forth above, the HCA or designee shall provide to the County a written notice of the action being considered and the basis therefor. The County shall have a period determined by the agency head or designee, but not less than 30 calendar days after receipt of such notice, to submit in person, in writing, or through a representative, information and argument in opposition to the proposed reduction. The agency head or designee may, upon good cause shown, determine to deduct less than the above amounts from payments.
- (c) The rights and remedies of the Government specified herein are not exclusive, and are in addition to any other rights and remedies provided by law or under this lease.

**32. 52.215-10 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (OCT 1997)**

(Applicable when cost or pricing data are required for work or services over \$500,000.)

- (a) If any price, including profit or fee, negotiated in connection with this contract, or any cost reimbursable under this contract, was increased by any significant amount because—
  - (1) The Contractor or a subcontractor furnished cost or pricing data that were not complete, accurate, and current as certified in its Certificate of Current Cost or Pricing Data;
  - (2) A subcontractor or prospective subcontractor furnished the Contractor cost or pricing data that were not complete, accurate, and current as certified in the Contractor's Certificate of Current Cost or Pricing Data; or
  - (3) Any of these parties furnished data of any description that were not accurate, the price or cost shall be reduced accordingly and the contract shall be modified to reflect the reduction.
- (b) Any reduction in the contract price under paragraph (a) of this clause due to defective data from a prospective subcontractor that was not subsequently awarded the subcontract shall be limited to the amount, plus applicable overhead and profit markup, by which—
  - (1) The actual subcontract or
  - (2) The actual cost to the Contractor, if there was no subcontract, was less than the prospective subcontract cost estimate submitted by the Contractor; *provided*, that the actual subcontract price was not itself affected by defective cost or pricing data.
- (c) (1) If the Contracting Officer determines under paragraph (a) of this clause that a price or cost reduction should be made, the Contractor agrees not to raise the following matters as a defense:
  - (i) The Contractor or subcontractor was a sole source supplier or otherwise was in a superior bargaining position and thus the price of the contract would not have

- been modified even if accurate, complete, and current cost or pricing data had been submitted.
- (ii) The Contracting Officer should have known that the cost or pricing data in issue were defective even though the Contractor or subcontractor took no affirmative action to bring the character of the data to the attention of the Contracting Officer.
  - (iii) The contract was based on an agreement about the total cost of the contract and there was no agreement about the cost of each item procured under the contract.
  - (iv) The Contractor or subcontractor did not submit a Certificate of Current Cost or Pricing Data.
- (2) (i) Except as prohibited by subdivision (c)(2)(ii) of this clause, an offset in an amount determined appropriate by the Contracting Officer based upon the facts shall be allowed against the amount of a contract price reduction if—
    - (A) The Contractor certifies to the Contracting Officer that, to the best of the Contractor's knowledge and belief, the Contractor is entitled to the offset in the amount requested; and
    - (B) The Contractor proves that the cost or pricing data were available before the "as of" date specified on its Certificate of Current Cost or Pricing Data, and that the data were not submitted before such date.
  - (ii) An offset shall not be allowed if—
    - (A) The understated data were known by the Contractor to be understated before the "as of" date specified on its Certificate of Current Cost or Pricing Data; or
    - (B) The Government proves that the facts demonstrate that the contract price would not have increased in the amount to be offset even if the available data had been submitted before the "as of" date specified on its Certificate of Current Cost or Pricing Data.
- (d) If any reduction in the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, the Contractor shall be liable to and shall pay the United States at the time such overpayment is repaid—
- (1) Simple interest on the amount of such overpayment to be computed from the date(s) of overpayment to the Contractor to the date the Government is repaid by the Contractor at the applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under 26 U.S.C. 6621(a)(2); and
  - (2) A penalty equal to the amount of the overpayment, if the Contractor or subcontractor knowingly submitted cost or pricing data that were incomplete, inaccurate, or noncurrent.

**33. 552.270-13 PROPOSALS FOR ADJUSTMENT (SEP 1999)**

- (a) The Contracting Officer may, from time to time during the term of this lease, require changes to be made in the work or services to be performed and in the terms or conditions of this lease. Such changes will be required under the Changes clause.
- (b) If the Contracting Officer makes a change within the general scope of the lease, the County shall submit, in a timely manner, an itemized cost proposal for the work to be accomplished or services to be performed when the cost exceeds \$100,000. The proposal, including all subcontractor work, will contain at least the following detail—
  - (1) Material quantities and unit costs;
  - (2) Labor costs (identified with specific item or material to be placed or operation to be performed;
  - (3) Equipment costs;
  - (4) Worker's compensation and public liability insurance;
  - (5) Overhead;
  - (6) Profit; and

- (7) Employment taxes under FICA and FUTA.
- (c) The following Federal Acquisition Regulation (FAR) provisions also apply to all proposals exceeding \$500,000 in cost—
  - (1) The County shall provide cost or pricing data including subcontractor cost or pricing data (48 CFR 15.403-4) and
  - (2) The County's representative, all Contractors, and subcontractors whose portion of the work exceeds \$500,000 must sign and return the "Certificate of Current Cost or Pricing Data" (48 CFR 15.406-2).
- (d) County shall also refer to 48 CFR Part 31, Contract Cost Principles, for information on which costs are allowable, reasonable, and allocable in Government work.

**34. 552.270-14 CHANGES (SEP 1999) (VARIATION)**

- (a) The Contracting Officer may at any time, by written order, make changes within the general scope of this lease in any one or more of the following:
  - (1) Specifications (including drawings and designs);
  - (2) Work or services;
  - (3) Facilities or space layout; or
  - (4) Amount of space, provided the County consents to the change.
- (b) If any such change causes an increase or decrease in County's cost of or the time required for performance under this lease, whether or not changed by the order, the Contracting Officer shall modify this lease to provide for one or more of the following:
  - (1) A modification of the delivery date;
  - (2) An equitable adjustment in the rental rate;
  - (3) A lump sum equitable adjustment; or
  - (4) An equitable adjustment of the annual operating costs per ANSI/BOMA Office Area square foot specified in this lease.
- (c) The County shall assert its right to an adjustment under this clause within 30 days from the date of receipt of the change order and shall submit a proposal for adjustment. Failure to agree to any adjustment shall be a dispute under the Disputes clause. However, nothing in this clause shall excuse the County from proceeding with the change as directed.
- (d) Absent such written change order, the Government shall not be liable to County under this clause.

**35. 552.215-70 EXAMINATION OF RECORDS BY GSA (FEB 1996)**

**INTENTIONALLY OMITTED**

**36. 52.215-2 AUDIT AND RECORDS—NEGOTIATION (JUN 1999)**

- (a) As used in this clause, "records" includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.
- (b) *Examination of costs.* If this is a cost-reimbursement, incentive, time-and-materials, labor-hour, or price redeterminable contract, or any combination of these, the Contractor shall maintain and the Contracting Officer, or an authorized representative of the Contracting Officer, shall have the right to examine and audit all records and other evidence sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this contract. This right of examination shall include inspection

INITIALS: \_\_\_\_\_ & \_\_\_\_\_  
 LESSOR GOVERNMENT

at all reasonable times of the Contractor's plants, or parts of them, engaged in performing the contract.

- (c) *Cost or pricing data.* If the Contractor has been required to submit cost or pricing data in connection with any pricing action relating to this contract, the Contracting Officer, or an authorized representative of the Contracting Officer, in order to evaluate the accuracy, completeness, and currency of the cost or pricing data, shall have the right to examine and audit all of the Contractor's records, including computations and projections, related to—
  - (1) The proposal for the contract, subcontract, or modification;
  - (2) The discussions conducted on the proposal(s), including those related to negotiating;
  - (3) Pricing of the contract, subcontract, or modification; or
  - (4) Performance of the contract, subcontract or modification.
- (d) *Comptroller General.*
  - (1) The Comptroller General of the United States, or an authorized representative, shall have access to and the right to examine any of the Contractor's directly pertinent records involving transactions related to this contract or a subcontract hereunder.
  - (2) This paragraph may not be construed to require the Contractor or subcontractor to create or maintain any record that the Contractor or subcontractor does not maintain in the ordinary course of business or pursuant to a provision of law.
- (e) *Reports.* If the Contractor is required to furnish cost, funding, or performance reports, the Contracting Officer or an authorized representative of the Contracting Officer shall have the right to examine and audit the supporting records and materials, for the purpose of evaluating—
  - (1) The effectiveness of the Contractor's policies and procedures to produce data compatible with the objectives of these reports; and
  - (2) The data reported.
- (f) *Availability.* The Contractor shall make available at its office at all reasonable times the records, materials, and other evidence described in paragraphs (a), (b), (c), (d), and (e) of this clause, for examination, audit, or reproduction, until 3 years after final payment under this contract or for any shorter period specified in Subpart 4.7, Contractor Records Retention, of the Federal Acquisition Regulation (FAR), or for any longer period required by statute or by other clauses of this contract. In addition—
  - (1) If this contract is completely or partially terminated, the Contractor shall make available the records relating to the work terminated until 3 years after any resulting final termination settlement; and
  - (2) The Contractor shall make available records relating to appeals under the Disputes clause or to litigation or the settlement of claims arising under or relating to this contract until such appeals, litigation, or claims are finally resolved.
- (g) The Contractor shall insert a clause containing all the terms of this clause, including this paragraph (g), in all subcontracts under this contract that exceed the simplified acquisition threshold, and—
  - (1) That are cost-reimbursement, incentive, time-and-materials, labor-hour, or price-re-determinable type or any combination of these;
  - (2) For which cost or pricing data are required; or
  - (3) That require the subcontractor to furnish reports as discussed in paragraph (e) of this clause.

The clause may be altered only as necessary to identify properly the contracting parties and the Contracting Officer under the Government prime contract.

**37. 52.233-1 DISPUTES (JUL 2002)**

- (a) This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613).
- (b) Except as provided in the Act, all disputes arising under or relating to this contract shall be resolved under this clause.
- (c) "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding \$100,000 is not a claim under the Act until certified. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.
- (d)
  - (1) A claim by the Contractor shall be made in writing and, unless otherwise stated in this contract, submitted within 6 years after accrual of the claim to the Contracting Officer for a written decision. A claim by the Government against the Contractor shall be subject to a written decision by the Contracting Officer.
  - (2)
    - (i) The Contractor shall provide the certification specified in paragraph (d)(2)(iii) of this clause when submitting any claim exceeding \$100,000.
    - (ii) The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.
    - (iii) The certification shall state as follows: "I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which the Contractor believes the Government is liable; and that I am duly authorized to certify the claim on behalf of the Contractor."
  - (3) The certification may be executed by any person duly authorized to bind the Contractor with respect to the claim.
- (e) For Contractor claims of \$100,000 or less, the Contracting Officer must, if requested in writing by the Contractor, render a decision within 60 days of the request. For Contractor-certified claims over \$100,000, the Contracting Officer must, within 60 days, decide the claim or notify the Contractor of the date by which the decision will be made.
- (f) The Contracting Officer's decision shall be final unless the Contractor appeals or files a suit as provided in the Act.
- (g) If the claim by the Contractor is submitted to the Contracting Officer or a claim by the Government is presented to the Contractor, the parties, by mutual consent, may agree to use alternative dispute resolution (ADR). If the Contractor refuses an offer for ADR, the Contractor shall inform the Contracting Officer, in writing, of the Contractor's specific reasons for rejecting the offer.
- (h) The Government shall pay interest on the amount found due and unpaid from (1) the date that the Contracting Officer receives the claim (certified, if required); or (2) the date that payment otherwise would be due, if that date is later, until the date of payment. With regard to claims having defective certifications, as defined in FAR 33.201, interest shall be paid from the date that the Contracting Officer initially receives the claim. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.
- (i) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under the contract, and comply with any decision of the Contracting Officer.

**38. 52.222-26 EQUAL OPPORTUNITY (APR 2002)**

(Applicable to leases over \$10,000.)

INITIALS: \_\_\_\_\_ & \_\_\_\_\_  
LESSOR GOVERNMENT

- (a) *Definition.* "United States," as used in this clause, means the 50 States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and Wake Island.
- (b) If, during any 12-month period (including the 12 months preceding the award of this contract), the Contractor has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$10,000, the Contractor shall comply with paragraphs (b)(1) through (b)(11) of this clause, except for work performed outside the United States by employees who were not recruited within the United States. Upon request, the Contractor shall provide information necessary to determine the applicability of this clause.
- (1) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. However, it shall not be a violation of this clause for the Contractor to extend a publicly announced preference in employment to Indians living on or near an Indian reservation, in connection with employment opportunities on or near an Indian reservation, as permitted by 41 CFR 60-1.5.
  - (2) The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. This shall include, but not be limited to—
    - (i) Employment;
    - (ii) Upgrading;
    - (iii) Demotion;
    - (iv) Transfer;
    - (v) Recruitment or recruitment advertising;
    - (vi) Layoff or termination;
    - (vii) Rates of pay or other forms of compensation; and
    - (viii) Selection for training, including apprenticeship.
  - (3) The Contractor shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Contracting Officer that explain this clause.
  - (4) The Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
  - (5) The Contractor shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice to be provided by the Contracting Officer advising the labor union or workers' representative of the Contractor's commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.
  - (6) The Contractor shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.
  - (7) The Contractor shall furnish to the contracting agency all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. The Contractor shall also file Standard Form 100, (EEO-1), or any successor form, as prescribed in 41 CFR part 60-1. Unless the Contractor has filed within the 12 months preceding the date of contract award, the Contractor shall, within 30 days after contract award, apply to either the regional Office of Federal Contract Compliance Programs (OFCCP) or the local office of the Equal Employment Opportunity Commission for the necessary forms.
  - (8) The Contractor shall permit access to its premises, during normal business hours, by the contracting agency or the OFCCP for the purpose of conducting on-site compliance evaluations and complaint investigations. The Contractor shall permit the Government to inspect and copy any books, accounts, records (including computerized records), and other material that may be relevant to the matter under investigation and pertinent to compliance with Executive Order 11246, as amended, and rules and regulations that implement the Executive Order.
  - (9) If the OFCCP determines that the Contractor is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this contract may be canceled,

terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Contractor as provided in Executive Order 11246, as amended; in the rules, regulations, and orders of the Secretary of Labor; or as otherwise provided by law.

- (10) The Contractor shall include the terms and conditions of paragraphs (b)(1) through (11) of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.
- (11) The Contractor shall take such action with respect to any subcontract or purchase order as the Contracting Officer may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance, provided, that if the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.
- (c) Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

**39. 52.222-24 PREAWARD ON-SITE EQUAL OPPORTUNITY COMPLIANCE EVALUATION (FEB 1999)**

(Applicable to leases over \$10,000,000.)

If a contract in the amount of \$10 million or more will result from this solicitation, the prospective Contractor and its known first-tier subcontractors with anticipated subcontracts of \$10 million or more shall be subject to a preaward compliance evaluation by the Office of Federal Contract Compliance Programs (OFCCP), unless, within the preceding 24 months, OFCCP has conducted an evaluation and found the prospective Contractor and subcontractors to be in compliance with Executive Order 11246.

**40. 52.222-21 PROHIBITION OF SEGREGATED FACILITIES (FEB 1999)**

(Applicable to leases over \$10,000.)

- (a) "Segregated facilities," as used in this clause, means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees, that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, sex, or national origin because of written or oral policies or employee custom. The term does not include separate or single-user rest rooms or necessary dressing or sleeping areas provided to assure privacy between the sexes.
- (b) The Contractor agrees that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The Contractor agrees that a breach of this clause is a violation of the Equal Opportunity clause in this contract.
- (c) The Contractor shall include this clause in every subcontract and purchase order that is subject to the Equal Opportunity clause of this contract.

**41. 52.222-35 EQUAL OPPORTUNITY FOR SPECIAL DISABLED VETERANS, VETERANS OF THE VIETNAM ERA, AND OTHER ELIGIBLE VETERANS (DEC 2001)**

(Applicable to leases over \$25,000.)

- (a) *Definitions.* As used in this clause—

"All employment openings" means all positions except executive and top management, those positions that will be filled from within the Contractor's organization, and positions lasting 3 days or less. This term includes full-time employment, temporary employment of more than 3 days duration, and part-time employment.

"Executive and top management" means any employee—

- (1) Whose primary duty consists of the management of the enterprise in which the individual is employed or of a customarily recognized department or subdivision thereof;
- (2) Who customarily and regularly directs the work of two or more other employees;
- (3) Who has the authority to hire or fire other employees or whose suggestions and recommendations as to the hiring or firing and as to the advancement and promotion or any other change of status of other employees will be given particular weight;
- (4) Who customarily and regularly exercises discretionary powers; and
- (5) Who does not devote more than 20 percent or, in the case of an employee of a retail or service establishment, who does not devote more than 40 percent of total hours of work in the work week to activities that are not directly and closely related to the performance of the work described in paragraphs (1) through (4) of this definition. This paragraph (5) does not apply in the case of an employee who is in sole charge of an establishment or a physically separated branch establishment, or who owns at least a 20 percent interest in the enterprise in which the individual is employed.

"Other eligible veteran" means any other veteran who served on active duty during a war or in a campaign or expedition for which a campaign badge has been authorized.

"Positions that will be filled from within the Contractor's organization" means employment openings for which the Contractor will give no consideration to persons outside the Contractor's organization (including any affiliates, subsidiaries, and parent companies) and includes any openings the Contractor proposes to fill from regularly established "recall" lists. The exception does not apply to a particular opening once an employer decides to consider applicants outside of its organization.

"Qualified special disabled veteran" means a special disabled veteran who satisfies the requisite skill, experience, education, and other job-related requirements of the employment position such veteran holds or desires, and who, with or without reasonable accommodation, can perform the essential functions of such position.

"Special disabled veteran" means—

- (1) A veteran who is entitled to compensation (or who but for the receipt of military retired pay would be entitled to compensation) under laws administered by the Department of Veterans Affairs for a disability—
  - (i) Rated at 30 percent or more; or
  - (ii) Rated at 10 or 20 percent in the case of a veteran who has been determined under 38 U.S.C. 3106 to have a serious employment handicap (i.e., a significant impairment of the veteran's ability to prepare for, obtain, or retain employment consistent with the veteran's abilities, aptitudes, and interests); or
- (2) A person who was discharged or released from active duty because of a service-connected disability.

"Veteran of the Vietnam era" means a person who—

- (1) Served on active duty for a period of more than 180 days and was discharged or released from active duty with other than a dishonorable discharge, if any part of such active duty occurred—
  - (i) In the Republic of Vietnam between February 28, 1961, and May 7, 1975; or
  - (ii) Between August 5, 1964, and May 7, 1975, in all other cases; or
- (2) Was discharged or released from active duty for a service-connected disability if any part of the active duty was performed—
  - (i) In the Republic of Vietnam between February 28, 1961, and May 7, 1975; or
  - (ii) Between August 5, 1964, and May 7, 1975, in all other cases.

(b) General.

- (1) The Contractor shall not discriminate against the individual because the individual is a special disabled veteran, a veteran of the Vietnam era, or other eligible veteran, regarding any position for which the employee or applicant for employment is qualified. The Contractor shall take affirmative action to employ, advance in employment, and



otherwise treat qualified special disabled veterans, veterans of the Vietnam era, and other eligible veterans without discrimination based upon their disability or veterans' status in all employment practices such as—

- (i) Recruitment, advertising, and job application procedures;
- (ii) Hiring, upgrading, promotion, award of tenure, demotion, transfer, layoff, termination, right of return from layoff and rehiring;
- (iii) Rate of pay or any other form of compensation and changes in compensation;
- (iv) Job assignments, job classifications, organizational structures, position descriptions, lines of progression, and seniority lists;
- (v) Leaves of absence, sick leave, or any other leave;
- (vi) Fringe benefits available by virtue of employment, whether or not administered by the Contractor;
- (vii) Selection and financial support for training, including apprenticeship, and on-the-job training under 38 U.S.C. 3687, professional meetings, conferences, and other related activities, and selection for leaves of absence to pursue training;
- (viii) Activities sponsored by the Contractor including social or recreational programs; and
- (ix) Any other term, condition, or privilege of employment.

- (2) The Contractor shall comply with the rules, regulations, and relevant orders of the Secretary of Labor issued under the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (the Act), as amended (38 U.S.C. 4211 and 4212).

(c) *Listing openings.*

- (1) The Contractor shall immediately list all employment openings that exist at the time of the execution of this contract and those which occur during the performance of this contract, including those not generated by this contract, and including those occurring at an establishment of the Contractor other than the one where the contract is being performed, but excluding those of independently operated corporate affiliates, at an appropriate local public employment service office of the State wherein the opening occurs. Listing employment openings with the U.S. Department of Labor's America's Job Bank shall satisfy the requirement to list jobs with the local employment service office.
- (2) The Contractor shall make the listing of employment openings with the local employment service office at least concurrently with using any other recruitment source or effort and shall involve the normal obligations of placing a bona fide job order, including accepting referrals of veterans and nonveterans. This listing of employment openings does not require hiring any particular job applicant or hiring from any particular group of job applicants and is not intended to relieve the Contractor from any requirements of Executive orders or regulations concerning nondiscrimination in employment.
- (3) Whenever the Contractor becomes contractually bound to the listing terms of this clause, it shall advise the State public employment agency in each State where it has establishments of the name and location of each hiring location in the State. As long as the Contractor is contractually bound to these terms and has so advised the State agency, it need not advise the State agency of subsequent contracts. The Contractor may advise the State agency when it is no longer bound by this contract clause.

- (d) *Applicability.* This clause does not apply to the listing of employment openings that occur and are filled outside the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, the Virgin Islands of the United States, and Wake Island.

(e) *Postings.*

- (1) The Contractor shall post employment notices in conspicuous places that are available to employees and applicants for employment.
- (2) The employment notices shall—
  - (i) State the rights of applicants and employees as well as the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified employees and applicants who are special disabled veterans, veterans of the Vietnam era, and other eligible veterans; and
  - (ii) Be in a form prescribed by the Deputy Assistant Secretary for Federal Contract Compliance Programs, Department of Labor (Deputy Assistant Secretary of

Labor), and provided by or through the Contracting Officer.

- (3) The Contractor shall ensure that applicants or employees who are special disabled veterans are informed of the contents of the notice (e.g., the Contractor may have the notice read to a visually disabled veteran, or may lower the posted notice so that it can be read by a person in a wheelchair).
- (4) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement, or other contract understanding, that the Contractor is bound by the terms of the Act and is committed to take affirmative action to employ, and advance in employment, qualified special disabled veterans, veterans of the Vietnam era, and other eligible veterans.
- (f) *Noncompliance.* If the Contractor does not comply with the requirements of this clause, the Government may take appropriate actions under the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.
- (g) *Subcontracts.* The Contractor shall insert the terms of this clause in all subcontracts or purchase orders of \$25,000 or more unless exempted by rules, regulations, or orders of the Secretary of Labor. The Contractor shall act as specified by the Deputy Assistant Secretary of Labor to enforce the terms, including action for noncompliance.

**42. 52.222-36 AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (JUN 1998)**

(Applicable to leases over \$10,000.)

**(a) General.**

- (1) Regarding any position for which the employee or applicant for employment is qualified, the Contractor shall not discriminate against any employee or applicant because of physical or mental disability. The Contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified individuals with disabilities without discrimination based upon their physical or mental disability in all employment practices such as—
  - (i) Recruitment, advertising, and job application procedures;
  - (ii) Hiring, upgrading, promotion, award of tenure, demotion, transfer, layoff, termination, right of return from layoff, and rehiring;
  - (iii) Rates of pay or any other form of compensation and changes in compensation;
  - (iv) Job assignments, job classifications, organizational structures, position descriptions, lines of progression, and seniority lists;
  - (v) Leaves of absence, sick leave, or any other leave;
  - (vi) Fringe benefits available by virtue of employment, whether or not administered by the Contractor;
  - (vii) Selection and financial support for training, including apprenticeships, professional meetings, conferences, and other related activities, and selection for leaves of absence to pursue training;
  - (viii) Activities sponsored by the Contractor, including social or recreational programs; and
  - (ix) Any other term, condition, or privilege of employment.
- (2) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Rehabilitation Act of 1973 (29 U.S.C. 793) (the Act), as amended.

**(b) Postings.**

- (1) The Contractor agrees to post employment notices stating—
  - (i) the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified individuals with disabilities and
  - (ii) the rights of applicants and employees.
- (2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. The Contractor shall ensure that applicants and employees with disabilities are informed of the contents of the notice (e.g., the Contractor may have the notice read to a visually disabled individual, or may lower the posted notice so that it might be read by a person in a wheelchair). The notices shall be in a form prescribed by the Deputy Assistant Secretary for Federal Contract Compliance of the U.S. Department of Labor (Deputy Assistant Secretary) and shall

be provided by or through the Contracting Officer.

- (3) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of Section 503 of the Act and is committed to take affirmative action to employ, and advance in employment, qualified individuals with physical or mental disabilities.
- (c) *Noncompliance.* If the Contractor does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.
- (d) *Subcontracts.* The Contractor shall include the terms of this clause in every subcontract or purchase order in excess of \$10,000 unless exempted by rules, regulations, or orders of the Secretary. The Contractor shall act as specified by the Deputy Assistant Secretary to enforce the terms, including action for noncompliance.

**43. 52.222-37 EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS, VETERANS OF THE VIETNAM ERA, AND OTHER ELIGIBLE VETERANS (DEC 2001)**

(Applicable to leases over \$25,000.)

- (a) Unless the Contractor is a State or local government agency, the Contractor shall report at least annually, as required by the Secretary of Labor, on—
  - (1) The number of special disabled veterans, the number of veterans of the Vietnam era, and other eligible veterans in the workforce of the Contractor by job category and hiring location; and
  - (2) The total number of new employees hired during the period covered by the report, and of the total, the number of special disabled veterans, the number of veterans of the Vietnam era, and the number of other eligible veterans; and
  - (3) The maximum number and the minimum number of employees of the Contractor during the period covered by the report.
- (b) The Contractor shall report the above items by completing the Form VETS-100, entitled "Federal Contractor Veterans' Employment Report (VETS-100 Report)."
- (c) The Contractor shall submit VETS-100 Reports no later than September 30 of each year beginning September 30, 1988.
- (d) The employment activity report required by paragraph (a)(2) of this clause shall reflect total hires during the most recent 12-month period as of the ending date selected for the employment profile report required by paragraph (a)(1) of this clause. Contractors may select an ending date—
  - (1) As of the end of any pay period between July 1 and August 31 of the year the report is due; or
  - (2) As of December 31, if the Contractor has prior written approval from the Equal Employment Opportunity Commission to do so for purposes of submitting the Employer Information Report EEO-1 (Standard Form 100).
- (e) The Contractor shall base the count of veterans reported according to paragraph (a) of this clause on voluntary disclosure. Each Contractor subject to the reporting requirements at 38 U.S.C. 4212 shall invite all special disabled veterans, veterans of the Vietnam era, and other eligible veterans who wish to benefit under the affirmative action program at 38 U.S.C. 4212 to identify themselves to the Contractor. The invitation shall state that—
  - (1) The information is voluntarily provided;
  - (2) The information will be kept confidential;
  - (3) Disclosure or refusal to provide the information will not subject the applicant or employee to any adverse treatment; and
  - (4) The information will be used only in accordance with the regulations promulgated

under 38 U.S.C. 4212.

- (f) The Contractor shall insert the terms of this clause in all subcontracts or purchase orders of \$25,000 or more unless exempted by rules, regulations, or orders of the Secretary of Labor.

**44. 52.209-6 PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (JAN 2005)**

(Applicable to leases over \$25,000.)

- (a) The Government suspends or debar Contractors to protect the Government's interests. The Contractor shall not enter into any subcontract in excess of \$25,000 with a Contractor that is debarred, suspended, or proposed for debarment unless there is a compelling reason to do so.
- (b) The Contractor shall require each proposed first-tier subcontractor, whose subcontract will exceed \$25,000, to disclose to the Contractor, in writing, whether as of the time of award of the subcontract, the subcontractor, or its principals, is or is not debarred, suspended, or proposed for debarment by the Federal Government
- (c) A corporate officer or a designee of the Contractor shall notify the Contracting Officer, in writing, before entering into a subcontract with a party that is debarred, suspended, or proposed for debarment (see FAR 9.404 for information on the Excluded Parties List System). The notice must include the following:
  - (1) The name of the subcontractor.
  - (2) The Contractor's knowledge of the reasons for the subcontractor being in the Excluded Parties List System.
  - (3) The compelling reason(s) for doing business with the subcontractor notwithstanding its inclusion in the Excluded Parties List System.
  - (4) The systems and procedures the Contractor has established to ensure that it is fully protecting the Government's interests when dealing with such subcontractor in view of the specific basis for the party's debarment, suspension, or proposed debarment.

**45. 52.215-12 SUBCONTRACTOR COST OR PRICING DATA (OCT 1997)**

**NOT APPLICABLE**

(Applicable when the clause at FAR 52.215-10 is applicable.)

- (a) Before awarding any subcontract expected to exceed the threshold for submission of cost or pricing data at FAR 15.403-4, on the date of agreement on price or the date of award, whichever is later; or before pricing any subcontract modification involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at FAR 15.403-4, the Contractor shall require the subcontractor to submit cost or pricing data (actually or by specific identification in writing), unless an exception under FAR 15.403-1 applies.
- (b) The Contractor shall require the subcontractor to certify in substantially the form prescribed in FAR 15.406-2 that, to the best of its knowledge and belief, the data submitted under paragraph (a) of this clause were accurate, complete, and current as of the date of agreement on the negotiated price of the subcontract or subcontract modification.
- (c) In each subcontract that exceeds the threshold for submission of cost or pricing data at FAR 15.403-4, when entered into, the Contractor shall insert either—
  - (1) The substance of this clause, including this paragraph (c), if paragraph (a) of this clause requires submission of cost or pricing data for the subcontract; or
  - (2) The substance of the clause at FAR 52.215-13, Subcontractor Cost or Pricing Data—Modifications.

46. 52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS (MAY 2004)

(Applicable to leases over \$100,000 average net annual rental, including option periods.)

- (a) It is the policy of the United States that small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, and women-owned small business concerns shall have the maximum practicable opportunity to participate in performing contracts let by any Federal agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems. It is further the policy of the United States that its prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, and women-owned small business concerns.
- (b) The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. The Contractor further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be necessary to determine the extent of the Contractor's compliance with this clause.

- (c) *Definitions.* As used in this contract—

"HUBZone small business concern" means a small business concern that appears on the List of Qualified HUBZone Small Business Concerns maintained by the Small Business Administration.

"Service-disabled veteran-owned small business concern"—

- (1) Means a small business concern—

- (i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and
- (ii) The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a service-disabled veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.

- (2) Service-disabled veteran means a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service-connected, as defined in 38 U.S.C. 101(16).

"Small business concern" means a small business as defined pursuant to Section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto.

"Small disadvantaged business concern" means a small business concern that represents, as part of its offer that—

- (1) It has received certification as a small disadvantaged business concern consistent with 13 CFR part 124, Subpart B;
- (2) No material change in disadvantaged ownership and control has occurred since its certification;
- (3) Where the concern is owned by one or more individuals, the net worth of each individual upon whom the certification is based does not exceed \$750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); and
- (4) It is identified, on the date of its representation, as a certified small disadvantaged business in the database maintained by the Small Business Administration (PRO-Net).

"Veteran-owned small business concern" means a small business concern—

- (1) Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and
- (2) The management and daily business operations of which are controlled by one or

more veterans.

"Women-owned small business concern" means a small business concern—

- (1) That is at least 51 percent owned by one or more women, or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and
  - (2) Whose management and daily business operations are controlled by one or more women.
- (d) Contractors acting in good faith may rely on written representations by their subcontractors regarding their status as a small business concern, a veteran-owned small business concern, a service-disabled veteran-owned small business concern, a HUBZone small business concern, a small disadvantaged business concern, or a women-owned small business concern.

**47. 52.219-9 SMALL BUSINESS SUBCONTRACTING PLAN (JUL 2005)**

(Applicable to leases over \$500,000.)

- (a) This clause does not apply to small business concerns.
- (b) *Definitions.* As used in this clause—

"Commercial item" means a product or service that satisfies the definition of commercial item in section 2.101 of the Federal Acquisition Regulation.

"Commercial plan" means a subcontracting plan (including goals) that covers the Offeror's fiscal year and that applies to the entire production of commercial items sold by either the entire company or a portion thereof (e.g., division, plant, or product line).

"Individual contract plan" means a subcontracting plan that covers the entire contract period (including option periods), applies to a specific contract, and has goals that are based on the Offeror's planned subcontracting in support of the specific contract, except that indirect costs incurred for common or joint purposes may be allocated on a prorated basis to the contract.

"Master plan" means a subcontracting plan that contains all the required elements of an individual contract plan, except goals, and may be incorporated into individual contract plans, provided the master plan has been approved.

"Subcontract" means any agreement (other than one involving an employer-employee relationship) entered into by a Federal Government prime Contractor or subcontractor calling for supplies or services required for performance of the contract or subcontract.

- (c) The Offeror, upon request by the Contracting Officer, shall submit and negotiate a subcontracting plan, where applicable, that separately addresses subcontracting with small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business concerns, small disadvantaged business, and women-owned small business concerns. If the Offeror is submitting an individual contract plan, the plan must separately address subcontracting with small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns, with a separate part for the basic contract and separate parts for each option (if any). The plan shall be included in and made a part of the resultant contract. The subcontracting plan shall be negotiated within the time specified by the Contracting Officer. Failure to submit and negotiate the subcontracting plan shall make the Offeror ineligible for award of a contract.
- (d) The Offeror's subcontracting plan shall include the following:
- (1) Goals, expressed in terms of percentages of total planned subcontracting dollars, for the use of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns as subcontractors. The Offeror shall include all subcontracts that contribute to contract performance, and may include a proportionate share of products and services that are normally allocated as indirect costs.

- (2) A statement of—
- (i) Total dollars planned to be subcontracted for an individual contract plan; or the Offeror's total projected sales, expressed in dollars, and the total value of projected subcontracts to support the sales for a commercial plan;
  - (ii) Total dollars planned to be subcontracted to small business concerns;
  - (iii) Total dollars planned to be subcontracted to veteran-owned small business concerns;
  - (iv) Total dollars planned to be subcontracted to service-disabled veteran-owned small business;
  - (v) Total dollars planned to be subcontracted to HUBZone small business concerns;
  - (vi) Total dollars planned to be subcontracted to small disadvantaged business concerns; and
  - (vii) Total dollars planned to be subcontracted to women-owned small business concerns.
- (3) A description of the principal types of supplies and services to be subcontracted, and an identification of the types planned for subcontracting to—
- (i) Small business concerns;
  - (ii) Veteran-owned small business concerns;
  - (iii) Service-disabled veteran-owned small business concerns;
  - (iv) HUBZone small business concerns;
  - (v) Small disadvantaged business concerns; and
  - (vi) Women-owned small business concerns.
- (4) A description of the method used to develop the subcontracting goals in paragraph (d)(1) of this clause.
- (5) A description of the method used to identify potential sources for solicitation purposes (e.g., existing company source lists, the Procurement Marketing and Access Network (PRO-Net) of the Small Business Administration (SBA), veterans service organizations, the National Minority Purchasing Council Vendor Information Service, the Research and Information Division of the Minority Business Development Agency in the Department of Commerce, or small, HUBZone, small disadvantaged, and women-owned small business trade associations). A firm may rely on the information contained in PRO-Net as an accurate representation of a concern's size and ownership characteristics for the purposes of maintaining a small, veteran-owned small, service-disabled veteran-owned small, HUBZone small, small disadvantaged, and women-owned small business source list. Use of PRO-Net as its source list does not relieve a firm of its responsibilities (e.g., outreach, assistance, counseling, or publicizing subcontracting opportunities) in this clause.
- (6) A statement as to whether or not the Offeror included indirect costs in establishing subcontracting goals, and a description of the method used to determine the proportionate share of indirect costs to be incurred with—
- (i) Small business concerns;
  - (ii) Veteran-owned small business concerns;
  - (iii) Service-disabled veteran-owned small business concerns;
  - (iv) HUBZone small business concerns;
  - (v) Small disadvantaged business concerns; and
  - (vi) Women-owned small business concerns.
- (7) The name of the individual employed by the Offeror who will administer the Offeror's subcontracting program, and a description of the duties of the individual.
- (8) A description of the efforts the Offeror will make to assure that small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns have an equitable opportunity to compete for subcontracts.
- (9) Assurances that the Offeror will include the clause of this contract entitled "Utilization of Small Business Concerns" in all subcontracts that offer further subcontracting opportunities, and that the Offeror will require all subcontractors (except small business concerns) that receive subcontracts in excess of \$500,000 (\$1,000,000 for construction of any public facility) to adopt a subcontracting plan that complies with the requirements of this clause.
- (10) Assurances that the Offeror will—

- (i) Cooperate in any studies or surveys as may be required;
  - (ii) Submit periodic reports so that the Government can determine the extent of compliance by the Offeror with the subcontracting plan;
  - (iii) Submit Standard Form (SF) 294, Subcontracting Report for Individual Contracts, and/or SF 295, Summary Subcontract Report, in accordance with paragraph (j) of this clause. The reports shall provide information on subcontract awards to small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, women-owned small business concerns, and Historically Black Colleges and Universities and Minority Institutions. Reporting shall be in accordance with the instructions on the forms or as provided in agency regulations.
  - (iv) Ensure that its subcontractors agree to submit SF 294 and SF 295.
- (11) A description of the types of records that will be maintained concerning procedures that have been adopted to comply with the requirements and goals in the plan, including establishing source lists; and a description of the Offeror's efforts to locate small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns and award subcontracts to them. The records shall include at least the following (on a plant-wide or company-wide basis, unless otherwise indicated):
- (i) Source lists (e.g., PRO-Net), guides, and other data that identify small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns.
  - (ii) Organizations contacted in an attempt to locate sources that are small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, or women-owned small business concerns.
  - (iii) Records on each subcontract solicitation resulting in an award of more than \$100,000, indicating—
    - (A) Whether small business concerns were solicited and, if not, why not;
    - (B) Whether veteran-owned small business concerns were solicited and, if not, why not;
    - (C) Whether service-disabled veteran-owned small business concerns were solicited and, if not, why not;
    - (D) Whether HUBZone small business concerns were solicited and, if not, why not;
    - (E) Whether small disadvantaged business concerns were solicited and, if not, why not;
    - (F) Whether women-owned small business concerns were solicited and, if not, why not; and
    - (G) If applicable, the reason award was not made to a small business concern.
  - (iv) Records of any outreach efforts to contact—
    - (A) Trade associations;
    - (B) Business development organizations;
    - (C) Conferences and trade fairs to locate small, HUBZone small, small disadvantaged, and women-owned small business sources; and
    - (D) Veterans service organizations.
  - (v) Records of internal guidance and encouragement provided to buyers through—
    - (A) Workshops, seminars, training, etc.; and
    - (B) Monitoring performance to evaluate compliance with the program's requirements.
  - (vi) On a contract-by-contract basis, records to support award data submitted by the Offeror to the Government, including the name, address, and business size of each subcontractor. Contractors having commercial plans need not comply with this requirement.
- (e) In order to effectively implement this plan to the extent consistent with efficient contract performance, the Contractor shall perform the following functions:
- (1) Assist small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns by arranging solicitations, time for the preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation by such concerns. Where the Contractor's lists of potential small



business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business subcontractors are excessively long, reasonable effort shall be made to give all such small business concerns an opportunity to compete over a period of time.

- (2) Provide adequate and timely consideration of the potentialities of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns in all "make-or-buy" decisions.
  - (3) Counsel and discuss subcontracting opportunities with representatives of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business firms.
  - (4) Confirm that a subcontractor representing itself as a HUBZone small business concern is identified as a certified HUBZone small business concern by accessing the Central Contractor Registration (CCR) database or by contacting SBA.
  - (5) Provide notice to subcontractors concerning penalties and remedies for misrepresentations of business status as small, veteran-owned small business, HUBZone small, small disadvantaged, or women-owned small business for the purpose of obtaining a subcontract that is to be included as part or all of a goal contained in the Contractor's subcontracting plan.
- (f) A master plan on a plant or division-wide basis that contains all the elements required by paragraph (d) of this clause, except goals, may be incorporated by reference as a part of the subcontracting plan required of the Offeror by this clause; provided—
- (1) The master plan has been approved;
  - (2) The Offeror ensures that the master plan is updated as necessary and provides copies of the approved master plan, including evidence of its approval, to the Contracting Officer; and
  - (3) Goals and any deviations from the master plan deemed necessary by the Contracting Officer to satisfy the requirements of this contract are set forth in the individual subcontracting plan.
- (g) A commercial plan is the preferred type of subcontracting plan for contractors furnishing commercial items. The commercial plan shall relate to the Offeror's planned subcontracting generally, for both commercial and Government business, rather than solely to the Government contract. Commercial plans are also preferred for subcontractors that provide commercial items under a prime contract, whether or not the prime contractor is supplying a commercial item.
- (h) Prior compliance of the Offeror with other such subcontracting plans under previous contracts will be considered by the Contracting Officer in determining the responsibility of the Offeror for award of the contract.
- (i) The failure of the Contractor or subcontractor to comply in good faith with—
- (1) The clause of this contract entitled "Utilization Of Small Business Concerns"; or
  - (2) An approved plan required by this clause, shall be a material breach of the contract.
- (j) The Contractor shall submit the following reports:
- (1) *Standard Form 294, Subcontracting Report for Individual Contracts*. This report shall be submitted to the Contracting Officer semiannually and at contract completion. The report covers subcontract award data related to this contract. This report is not required for commercial plans.
  - (2) *Standard Form 295, Summary Subcontract Report*. This report encompasses all of the contracts with the awarding agency. It must be submitted semi-annually for contracts with the Department of Defense and annually for contracts with civilian agencies. If the reporting activity is covered by a commercial plan, the reporting activity

must report annually all subcontract awards under that plan. All reports submitted at the close of each fiscal year (both individual and commercial plans) shall include a breakout, in the Contractor's format, of subcontract awards, in whole dollars, to small disadvantaged business concerns by North American Industry Classification System (NAICS) Industry Subsector. For a commercial plan, the Contractor may obtain from each of its subcontractors a predominant NAICS Industry Subsector and report all awards to that subcontractor under its predominant NAICS Industry Subsector.

**48. 52.219-16 LIQUIDATED DAMAGES—SUBCONTRACTING PLAN (JAN 1999)**

(Applicable to leases over \$500,000.)

- (a) *Failure to make a good faith effort to comply with the subcontracting plan*, as used in this clause, means a willful or intentional failure to perform in accordance with the requirements of the subcontracting plan approved under the clause in this contract entitled "Small Business Subcontracting Plan," or willful or intentional action to frustrate the plan.
- (b) Performance shall be measured by applying the percentage goals to the total actual subcontracting dollars or, if a commercial plan is involved, to the pro rata share of actual subcontracting dollars attributable to Government contracts covered by the commercial plan. If, at contract completion or, in the case of a commercial plan, at the close of the fiscal year for which the plan is applicable, the Contractor has failed to meet its subcontracting goals and the Contracting Officer decides in accordance with paragraph (c) of this clause that the Contractor failed to make a good faith effort to comply with its subcontracting plan, established in accordance with the clause in this contract entitled "Small Business Subcontracting Plan," the Contractor shall pay the Government liquidated damages in an amount stated. The amount of probable damages attributable to the Contractor's failure to comply shall be an amount equal to the actual dollar amount by which the Contractor failed to achieve each subcontract goal.
- (c) Before the Contracting Officer makes a final decision that the Contractor has failed to make such good faith effort, the Contracting Officer shall give the Contractor written notice specifying the failure and permitting the Contractor to demonstrate what good faith efforts have been made and to discuss the matter. Failure to respond to the notice may be taken as an admission that no valid explanation exists. If, after consideration of all the pertinent data, the Contracting Officer finds that the Contractor failed to make a good faith effort to comply with the subcontracting plan, the Contracting Officer shall issue a final decision to that effect and require that the Contractor pay the Government liquidated damages as provided in paragraph (b) of this clause.
- (d) With respect to commercial plans, the Contracting Officer who approved the plan will perform the functions of the Contracting Officer under this clause on behalf of all agencies with contracts covered by the commercial plan.
- (e) The Contractor shall have the right of appeal, under the clause in this contract entitled, Disputes, from any final decision of the Contracting Officer.
- (f) Liquidated damages shall be in addition to any other remedies that the Government may have.

<b>REPRESENTATIONS AND CERTIFICATIONS</b> (Acquisition of Leasehold Interests in Real Property)	Solicitation Number	Dated
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Complete appropriate boxes, sign the form, and attach to offer.

The Offeror makes the following Representations and Certifications. NOTE: The "Offeror," as used on this form, is the owner of the property offered, not an individual or agent representing the owner.

**1. 52.219-1 - SMALL BUSINESS PROGRAM REPRESENTATIONS (MAY 2004)**

- (a) (1) The North American Industry Classification System (NAICS) code for this acquisition is 531190.
- (2) The small business size standard is \$19.0 Million in annual average gross revenue of the concern for the last 3 fiscal years.
- (3) The small business size standard for a concern which submits an offer in its own name, other than on a construction or service contract, but which proposes to furnish a product which it did not itself manufacture, is 500 employees.
- (b) *Representations.*
- (1) The Offeror represents as part of its offer that it ☐ is, ☐ is not a small business concern.
- (2) *[Complete only if the Offeror represented itself as a small business concern in paragraph (b)(1) of this provision.]* The Offeror represents, for general statistical purposes, that it ☐ is, ☐ is not, a small disadvantaged business concern as defined in 13 CFR 124.1002.
- (3) *[Complete only if the Offeror represented itself as a small business concern in paragraph (b)(1) of this provision.]* The Offeror represents as part of its offer that it ☐ is, ☐ is not a women-owned small business concern.
- (4) *[Complete only if the Offeror represented itself as a small business concern in paragraph (b)(1) of this provision.]* The Offeror represents as part of its offer that it ☐ is, ☐ is not a veteran-owned small business concern.
- (5) *[Complete only if the Offeror represented itself as a veteran-owned small business concern in paragraph (b)(4) of this provision.]* The Offeror represents as part of its offer that it ☐ is, ☐ is not a service-disabled veteran-owned small business concern.
- (6) *[Complete only if the Offeror represented itself as a small business concern in paragraph (b)(1) of this provision.]* The Offeror represents, as part of its offer, that—
- (i) It ☐ is, ☐ is not a HUBZone small business concern listed, on the date of this representation, on the List of Qualified HUBZone Small Business Concerns maintained by the Small Business Administration, and no material change in ownership and control, principal office, or HUBZone employee percentage has occurred since it was certified by the Small Business Administration in accordance with 13 CFR part 126; and
- (ii) It ☐ is, ☐ is not a joint venture that complies with the requirements of 13 CFR part 126, and the representation in paragraph (b)(6)(i) of this provision is accurate for the HUBZone small business concern or concerns that are participating in the joint venture. *[The Offeror shall enter the name or names of the HUBZone small business concern or concerns that are participating in the joint venture: \_\_\_\_\_.]* Each HUBZone small business concern participating in the joint venture shall submit a separate signed copy of the HUBZone representation.

INITIALS: \_\_\_\_\_ & \_\_\_\_\_  
LESSOR GOVERNMENT

(c) *Definitions.* As used in this provision—

"Service-disabled veteran-owned small business concern"—

- (1) Means a small business concern—
  - (i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and
  - (ii) The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.
- (2) Service-disabled veteran means a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service-connected, as defined in 38 U.S.C. 101(16).

"Small business concern" means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR part 121 and the size standard in paragraph (a) of this provision.

"Veteran-owned small business concern" means a small business concern—

- (1) Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and
- (2) The management and daily business operations of which are controlled by one or more veterans.

"Women-owned small business concern" means a small business concern—

- (1) That is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and
- (2) Whose management and daily business operations are controlled by one or more women.

(d) *Notice.*

- (1) If this solicitation is for supplies and has been set aside, in whole or in part, for small business concerns, then the clause in this solicitation providing notice of the set-aside contains restrictions on the source of the end items to be furnished.
- (2) Under 15 U.S.C. 645(d), any person who misrepresents a firm's status as a small, HUBZone small, small disadvantaged, or women-owned small business concern in order to obtain a contract to be awarded under the preference programs established pursuant to section 8(a), 8(d), 9, or 15 of the Small Business Act or any other provision of Federal law that specifically references section 8(d) for a definition of program eligibility, shall-
  - (i) Be punished by imposition of fine, imprisonment, or both;
  - (ii) Be subject to administrative remedies, including suspension and debarment; and
  - (iii) Be ineligible for participation in programs conducted under the authority of the Act.

**2. 52.204-5 - WOMEN-OWNED BUSINESS (OTHER THAN SMALL BUSINESS) (MAY 1999)**

- (a) *Definition.* "Women-owned business concern," as used in this provision, means a concern which is at least 51 percent owned by one or more women; or in the case of any publicly owned business, at least 51 percent of its stock is owned by one or more women; and whose management and daily business operations are controlled by one or more women.
- (b) *Representation.* [Complete only if the Offeror is a women-owned business concern and has not represented itself as a small business concern in paragraph (b)(1) of FAR 52.219-1, Small Business Program Representations, of this solicitation.] The Offeror represents that it [ ] is a women-owned business concern.

3. **52.222-22 - PREVIOUS CONTRACTS AND COMPLIANCE REPORTS (FEB 1999)**

(Applicable to leases over \$10,000.)

The Offeror represents that—

- (a) It ☐ has, ☒ has not participated in a previous contract or subcontract subject to the Equal Opportunity clause of this solicitation;
- (b) It ☐ has, ☐ has not filed all required compliance reports; and
- (c) Representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards. (Approved by OMB under Control Number 1215-0072.)

4. **52.222-25 - AFFIRMATIVE ACTION COMPLIANCE (APR 1984)**

(Applicable to leases over \$10,000 and which include the clause at FAR 52.222-26, Equal Opportunity.)

The Offeror represents that—

- (a) It ☐ has developed and has on file, ☐ has not developed and does not have on file, at each establishment affirmative action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2), or
- (b) It ☒ has not previously had contracts subject to the written affirmative action programs requirement of the rules and regulations of the Secretary of Labor. (Approved by OMB under Control Number 1215-0072.)

5. **52.203-02 - CERTIFICATE OF INDEPENDENT PRICE DETERMINATION (APR 1985)**

(Applicable to leases over \$100,000 average net annual rental, including option periods.)

(a) The Offeror certifies that—

- (1) The prices in this offer have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other Offeror or competitor relating to (i) those prices, (ii) the intention to submit an offer, or (iii) the methods or factors used to calculate the prices offered;
- (2) The prices in this offer have not been and will not be knowingly disclosed by the Offeror, directly or indirectly, to any other Offeror or competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law; and
- (3) No attempt has been made or will be made by the Offeror to induce any other concern to submit or not to submit an offer for the purpose of restricting competition.

(b) Each signature on the offer is considered to be a certification by the signatory that the signatory—

- (1) Is the person in the Offeror's organization responsible for determining the prices being offered in this bid or proposal, and that the signatory has not participated and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above; or
- (2) (i) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above  
William L. Dawson, Acting Director of Real Estate [Insert full name of person(s) in the Offeror's organization responsible for determining the prices offered in this bid or proposal, and the title of his or her position in the Offeror's organization];

INITIALS: \_\_\_\_\_ & \_\_\_\_\_  
LESSOR GOVERNMENT

- (ii) As an authorized agent, does certify that the principals named in subdivision (b)(2)(i) above have not participated, and will not participate, in any action contrary to subparagraphs (a)(1) through (a)(3) above; and
  - (iii) As an agent, has not personally participated, and will not participate, in action contrary to subparagraphs (a)(1) through (a)(3) above.
- (c) If the Offeror deletes or modifies subparagraph (a)(2) above, the Offeror must furnish with its offer a signed statement setting forth in detail the circumstances of the disclosure.

**6. 52.203-11 - CERTIFICATION AND DISCLOSURE REGARDING PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (SEP 2005)**

(Applicable to leases over \$100,000.)

- (a) The definitions and prohibitions contained in the clause, at FAR 52.203-12, Limitation on Payments to Influence Certain Federal Transactions, included in this solicitation, are hereby incorporated by reference in paragraph (b) of this certification.
- (b) The Offeror, by signing its offer, hereby certifies to the best of his or her knowledge and belief that on or after December 23, 1989, —
  - (1) No Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with the awarding of a contract;
  - (2) If any funds other than Federal appropriated funds (including profit or fee received under a covered Federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with this solicitation, the Offeror shall complete and submit, with its offer, OMB standard form LLL, Disclosure of Lobbying Activities, to the Contracting Officer; and
  - (3) He or she will include the language of this certification in all subcontract awards at any tier and require that all recipients of subcontract awards in excess of \$100,000 shall certify and disclose accordingly.
- (c) Submission of this certification and disclosure is a prerequisite for making or entering into this contract imposed by section 1352, title 31, United States Code. Any person who makes an expenditure prohibited under this provision or who fails to file or amend the disclosure form to be filed or amended by this provision, shall be subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.

**7. 52.209-5 - CERTIFICATION REGARDING DEBARMENT, SUSPENSION, PROPOSED DEBARMENT, AND OTHER RESPONSIBILITY MATTERS (DEC 2001)**

(Applicable to leases over \$100,000 average net annual rental, including option periods.)

- (a) (1) The Offeror certifies, to the best of its knowledge and belief, that—
  - (i) The Offeror and/or any of its Principals—
    - (A) Are ☐ are not ☒ presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;
    - (B) Have ☐ have not ☒, within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and

INITIALS: \_\_\_\_\_ & \_\_\_\_\_  
LESSOR GOVERNMENT

- (C) Are ☐ are not ☒ presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in paragraph (a)(1)(i)(B) of this provision.
- (ii) The Offeror has ☐ has not ☒, within a three-year period preceding this offer, had one or more contracts terminated for default by any Federal agency.
- (2) "Principals," for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a subsidiary, division, or business segment, and similar positions).

This Certification Concerns a Matter Within the Jurisdiction of an Agency of the United States and the Making of a False, Fictitious, or Fraudulent Certification May Render the Maker Subject to Prosecution Under Section 1001, Title 18, United States Code.

- (b) The Offeror shall provide immediate written notice to the Contracting Officer if, at any time prior to contract award, the Offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
- (c) A certification that any of the items in paragraph (a) of this provision exists will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered in connection with a determination of the Offeror's responsibility. Failure of the Offeror to furnish a certification or provide such additional information as requested by the Contracting Officer may render the Offeror nonresponsible.
- (d) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph (a) of this provision. The knowledge and information of an Offeror is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- (e) The certification in paragraph (a) of this provision is a material representation of fact upon which reliance was placed when making award. If it is later determined that the Offeror knowingly rendered an erroneous certification, in addition to other remedies available to the Government, the Contracting Officer may terminate the contract resulting from this solicitation for default.

#### 8. 52.204-3 - TAXPAYER IDENTIFICATION (OCT 1998)

(a) *Definitions.*

"Common parent," as used in this provision, means that corporate entity that owns or controls an affiliated group of corporations that files its Federal income tax returns on a consolidated basis, and of which the Offeror is a member.

"Taxpayer Identification Number (TIN)," as used in this provision, means the number required by the Internal Revenue Service (IRS) to be used by the Offeror in reporting income tax and other returns. The TIN may be either a Social Security Number or an Employer Identification Number.

- (b) All Offerors must submit the information required in paragraphs (d) through (f) of this provision to comply with debt collection requirements of 31 U.S.C. 7701(c) and 3325(d), reporting requirements of 26 U.S.C. 6041, 6041A, and 6050M, and implementing regulations issued by the IRS. If the resulting contract is subject to the payment reporting requirements described in Federal Acquisition Regulation (FAR) 4.904, the failure or refusal by the Offeror to furnish the information may result in a 31 percent reduction of payments otherwise due under the contract.
- (c) The TIN may be used by the Government to collect and report on any delinquent amounts arising out of the Offeror's relationship with the Government (31 U.S.C. 7701(c)(3)). If the resulting contract is subject to the payment reporting requirements described in FAR 4.904, the TIN provided hereunder may be matched with IRS records to verify the accuracy of the Offeror's TIN.

INITIALS: \_\_\_\_\_ & \_\_\_\_\_  
LESSOR GOVERNMENT

(d) *Taxpayer Identification Number (TIN).*

- ☒ TIN: 956000927  
☐ TIN has been applied for.  
☐ TIN is not required because:  
☐ Offeror is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the United States and does not have an office or place of business or a fiscal paying agent in the United States;  
☐ Offeror is an agency or instrumentality of a foreign government;  
☐ Offeror is an agency or instrumentality of the Federal government;

(e) *Type of organization.*

- ☐ Sole proprietorship; ☒ Government entity (Federal, State, or local);  
☐ Partnership; ☐ Foreign government;  
☐ Corporate entity (not tax-exempt); ☐ International organization per 26 CFR 1.6049-4;  
☐ Corporate entity (tax-exempt); ☐ Other \_\_\_\_\_

(f) *Common Parent.*

- ☐ Offeror is not owned or controlled by a common parent as defined in paragraph (a) of this provision.  
☐ Name and TIN of common parent:

Name \_\_\_\_\_  
TIN \_\_\_\_\_

**9. 52.204-6 – Data Universal Numbering System (DUNS) Number (OCT 2003)**

- (a) The Offeror shall enter, in the block with its name and address on the cover page of its offer, the annotation "DUNS" or "DUNS+4" followed by the DUNS number or "DUNS+4" that identifies the Offeror's name and address exactly as stated in the offer. The DUNS number is a nine-digit number assigned by Dun and Bradstreet, Inc. The DUNS+4 is the DUNS number plus a 4-character suffix that may be assigned at the discretion of the Offeror to establish additional CCR records for identifying alternative Electronic Funds Transfer (EFT) accounts (see Subpart 32.11) for the same parent concern.
- (b) If the Offeror does not have a DUNS number, it should contact Dun and Bradstreet directly to obtain one.
- (1) An Offeror may obtain a DUNS number—  
(i) If located within the United States, by calling Dun and Bradstreet at 1-866-705-5711 or via the Internet at <http://www.dnb.com>; or  
(ii) If located outside the United States, by contacting the local Dun and Bradstreet office.
- (2) The Offeror should be prepared to provide the following information:  
(i) Company legal business name.  
(ii) Tradestyle, doing business, or other name by which your entity is commonly recognized.  
(iii) Company physical street address, city, state and zip code.  
(iv) Company mailing address, city, state and zip code (if separate from physical).  
(v) Company telephone number.  
(vi) Date the company was started.  
(vii) Number of employees at your location.  
(viii) Chief executive officer/key manager.  
(ix) Line of business (industry).  
(x) Company Headquarters name and address (reporting relationship within your entity).



**10. DUNS NUMBER (JUN 2004)**

Notwithstanding the above instructions, in addition to inserting the DUNS Number on the offer cover page, the Offeror shall also provide its DUNS Number as part of this submission:


DUNS # 808297506

**11. CENTRAL CONTRACTOR REGISTRATION (JAN 2007)**

The Central Contractor Registration (CCR) System is a centrally located, searchable database which assists in the development, maintenance, and provision of sources for future procurements. The Offeror must be registered in the CCR prior to lease award. The Offeror shall register via the Internet at <http://www.ccr.gov>. To remain active, the Offeror/Lessor is required to update or renew its registration annually.

☐ Registration Active and Copy Attached

☒ Will Activate Registration and Submit Copy to the Government Prior to Award

OFFEROR OR AUTHORIZED REPRESENTATIVE	NAME, ADDRESS (INCLUDING ZIP CODE) NAME William L. Dawson STREET 222 S. Hill St., 3rd Floor CITY, STATE, ZIP Los Angeles, CA 90012   _____ Signature	TELEPHONE NUMBER (213) 974-3078  <u>7/17/08</u> Date
--	---	--

INITIALS: \_\_\_\_\_ & \_\_\_\_\_  
LESSOR GOVERNMENT

**COUNTY OF LOS ANGELES  
CHIEF ADMINISTRATIVE OFFICE  
LEASE AGREEMENT**

**DEPARTMENT: HEALTH SERVICES (Emergency Medical Services Agency), as  
Tenant**

**LANDLORD: SFSHP INVESTORS I, LLC, a Delaware Limited Liability Company**

**10430 Slusher Drive, Santa Fe Springs, CA**

## TABLE OF CONTENTS

	<u>Page</u>
1. BASIC LEASE INFORMATION .....	1
(a) <u>Landlord's Address for Notice:</u> .....	1
(b) <u>Tenant's Address for Notice:</u> .....	1
(c) <u>Premises:</u> .....	1
(d) <u>Building:</u> .....	1
(e) <u>Term:</u> .....	2
(f) <u>Projected Commencement Date:</u> .....	2
(g) <u>Commencement Date:</u> .....	2
(h) <u>Irrevocable Offer Expiration Date:</u> .....	2
(i) <u>Basic Rent:</u> .....	2
(j) <u>Early Termination Notice Date:</u> .....	2
(k) <u>Rentable Square Feet in the Premises:</u> .....	2
(l) <u>Use:</u> .....	2
(m) <u>Initial Departmental Use:</u> .....	2
(n) <u>Parking Spaces:</u> .....	2
(o) <u>Normal Working Hours:</u> .....	3
(p) <u>Asbestos Report:</u> .....	3
1.2 <u>Defined Terms Relating to Landlord's Work Letter</u> .....	3
(a) <u>Base Tenant Improvement Allowance</u> .....	3
(b) <u>Additional Tenant Improvement Allowance</u> .....	3
(c) <u>Maximum Change Order Allowance</u> .....	3
(d) <u>Additional Tenant Improvement and Change Order Amortization Rate:</u> .....	3
(e) <u>Basic Rent Reduction</u> .....	3
(f) <u>Tenant's Work Letter Representative</u> .....	3
(g) <u>Landlord's Work Letter Representative</u> .....	3

(h) <u>Landlord's Address for Work Letter Notice</u> .....	4
(i) <u>Tenant's Address for Workletter Notice</u> .....	4
1.3 <u>Exhibits to Lease</u> .....	4
1.4 <u>Landlord's Work Letter</u> .....	4
1.5 <u>Supplemental Lease Documents</u> .....	4
2. PREMISES .....	4
3. COMMON AREAS .....	5
4. COMMENCEMENT AND EXPIRATION DATES .....	5
5. RENT .....	6
6. USES .....	6
7. HOLDOVER .....	6
8. COMPLIANCE WITH LAW .....	6
9. DAMAGE OR DESTRUCTION .....	6
10. REPAIRS AND MAINTENANCE .....	7
11. SERVICES AND UTILITIES .....	8
(a) <u>HVAC</u> .....	8
(b) <u>Electricity</u> .....	8
(c) <u>Water</u> .....	8
(d) <u>Janitorial</u> .....	8
(e) <u>Access</u> .....	9
12. TAXES .....	9
13. LANDLORD ACCESS .....	9
14. TENANT DEFAULT .....	9
15. LANDLORD DEFAULT .....	9
(a) <u>Remedies</u> .....	9
(b) <u>Waiver</u> .....	10
(c) <u>Emergency</u> .....	10

16.	ASSIGNMENT AND SUBLETTING .....	10
17.	ALTERATIONS AND ADDITIONS.....	11
18.	CONDEMNATION.....	11
19.	INDEMNIFICATION.....	12
20.	INSURANCE.....	12
21.	PARKING.....	14
22.	ENVIRONMENTAL MATTERS .....	14
23.	ESTOPPEL CERTIFICATES .....	15
24.	TENANT IMPROVEMENTS .....	15
25.	LIENS .....	15
26.	SUBORDINATION AND MORTGAGES .....	15
27.	SURRENDER OF POSSESSION .....	16
28.	SIGNAGE.....	16
29.	QUIET ENJOYMENT.....	16
30.	GENERAL.....	16
31.	AUTHORITY .....	17
32.	ACKNOWLEDGEMENT BY LANDLORD.....	17
33.	IRREVOCABLE OFFER .....	19

EXHIBIT A - PLAN OF PREMISES

EXHIBIT B - LEGAL DESCRIPTION OF ENTIRE HERITAGE CORPORATE  
CENTER LAND

EXHIBIT C - COMMENCEMENT DATE MEMORANDUM AND CONFIRMATION  
OF LEASE TERMS

EXHIBIT D - HVAC STANDARDS

EXHIBIT E - OFFICE CLEANING AND MAINTENANCE SCHEDULE

EXHIBIT F - RENT SCHEDULE

COUNTY OF LOS ANGELES  
CHIEF ADMINISTRATIVE OFFICE  
LEASE AGREEMENT

THIS LEASE is entered into as of the 16<sup>th</sup> day of December, 2003 between SFSHP INVESTORS I, LLC, a Delaware Limited Liability Company ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant").

Landlord and Tenant agree:

1. **BASIC LEASE INFORMATION.** The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

(a) Landlord's Address for Notice:

SFSHP INVESTORS I, LLC  
C/O Kearny Real Estate Company  
Attn: Jeffrey Dritley  
1900 Avenue of the Stars, Suite 320  
Los Angeles, CA 90067

(b) Tenant's Address for Notice:

Board of Supervisors  
Kenneth Hahn Hall of Administration,  
Room 383  
500 West Temple Street  
Los Angeles, California 90012  
Fax Number: \_\_\_\_\_

With a copy to:

Chief Administrative Office  
Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate  
Fax Number: \_\_\_\_\_

(c) Premises:

Approximately 45,290 rentable square feet in the Building (defined below) as shown on Exhibit A attached hereto.

(d) Building:

The building located at 10430 Slusher Drive, Santa Fe Springs, CA, which is located upon the real property described more particularly in Exhibit A attached hereto (the "Property");

(e) <u>Term:</u>	Ten (10) years beginning on the Commencement Date (as that term is defined in Section 1(g)) and terminating at midnight on the day before the tenth (10 <sup>th</sup> ) anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term(s) for which an option has been validly exercised.	1 2 3 4 5 6 7 8 9 10 11 12 13
(f) <u>Projected Commencement Date:</u>	April 1, 2004	14 15 16
(g) <u>Commencement Date:</u>	The earlier of 10 days after (a) Tenant's acceptance of the Premises, (b) Substantial Completion (as such term is defined in Section 4(a)) of the Premises or (c) Tenant's occupancy of the Premises.	17 18 19 20 21 22
(h) <u>Irrevocable Offer Expiration Date:</u>	November 19, 2003 to the Real Estate Commission  December 23, 2003 to the Board of Supervisors	23 24 25 26 27 28
(i) <u>Basic Rent:</u>	\$28,985.60 per month (which is based upon a rental rate of \$.64 per rentable square foot (adjustable only as provided herein.))	29 30 31 32
(j) <u>Early Termination Notice Date:</u>	During the original Term: the last day of the 60 <sup>th</sup> month and the last day of the 90 <sup>th</sup> month  During any extension of the Term: the last day of the 24 <sup>th</sup> month of such extension.	33 34 35 36 37 38
(k) <u>Rentable Square Feet in the Premises:</u>	45,290	39 40 41 42
(l) <u>Use:</u>	Warehouse and general office use or for any other lawful purposes.	43 44 45
(m) <u>Initial Departmental Use:</u>	Warehouse and general office	46 47
(n) <u>Parking Spaces:</u>	50	48 49 50 51 52 53 54 55 56

(o) <u>Normal Working Hours:</u>	7:00 a.m. to 7:00 p.m., Monday through Friday and 9:00 a.m. to 2:00 p.m. Saturday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.	1 2 3 4 5 6 7 8 9
(p) <u>Asbestos Report</u> (as contained in the Phase I Environmental Site Assessment Report):	A report dated June 2002, prepared by Building Analytics (Joseph L. Montaya, C.E.G. No.1769.C.HG. No.638).	10 11 12 13 14 15
<b>1.2 <u>Defined Terms Relating to Landlord's Work Letter</u></b>		
(a) <u>Base Tenant Improvement Allowance</u>	\$85,000 (\$1.88 per rentable square foot)	16 17 18 19
(b) <u>Additional Tenant Improvement Allowance</u>	\$500,000 (\$11.04 per rentable square foot)	20 21 22 23
(c) <u>Maximum Change Order Allowance</u>	\$10,000 (\$.22 per rentable square foot)	24 25 26 27
(d) <u>Additional Tenant Improvement and Change Order Amortization Rate:</u>	(i) Payable in a lump sum payment within thirty (30) days after the Commencement Date; or within thirty (30) days after Landlord provides a finalized accounting of all Tenant Improvements and acceptance by the County, whichever first occurs.  (ii) 8.0% per annum payable monthly over the first 60 months of the Term of the Lease (provided that after the 36 <sup>th</sup> month of the Term, Tenant shall have the option to pre-pay in a lump sum the unamortized portion). Furthermore, if Tenant exercises its Option to Purchase (as described in Addendum to Lease Section 36), the unamortized portion shall be added to the Purchase Price.	28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44
(e) <u>Basic Rent Reduction</u>	n/a and n/a /100 Dollars (\$0) per month	45 46
(f) <u>Tenant's Work Letter Representative</u>	Thomas Shepos	47 48 49
(g) <u>Landlord's Work Letter Representative</u>	Jeffrey Dritley	50 51 52 53 54 55 56



(h) Landlord's Address for  
Work Letter Notice

SFSHP INVESTORS I, LLC  
C/O Kearny Real Estate Company  
Attn: Jeffrey Dritley  
1900 Avenue of the Stars, Suite 320  
Los Angeles, CA 90067

(i) Tenant's Address for Work  
Letter Notice

Board of Supervisors  
Kenneth Hahn Hall of Administration.  
Room 383  
500 West Temple Street  
Los Angeles, California 90012

With a copy to:

Chief Administrative Office  
Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate

1.3 Exhibits to Lease:

Exhibit A - Plan of Premises  
Exhibit B - Intentionally Omitted  
Exhibit C - Commencement Date  
Memorandum and Confirmation of Lease  
Terms  
Exhibit D - HVAC Standards  
Exhibit E - Cleaning and Maintenance  
Schedule

1.4 Landlord's Work Letter (executed  
concurrently with this Lease and  
made a part hereof by this  
reference):

Landlord's Work Letter  
Addendum A: Base Building Improvements  
Addendum B: Tenant Improvements  
Addendum C: Form of Budget  
Addendum D: Costs of Tenant Improvements

1.5 Supplemental Lease Documents:  
(delivered to Landlord and made a  
part hereof by this reference):

Document I: Subordination, Non-disturbance  
and Attornment Agreement  
Document II: Tenant Estoppel Certificate  
Document III: Community Business  
Enterprises Form  
Document IV: Memorandum of Lease  
Document V: Request for Notice

2. PREMISES

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from  
Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and  
Exhibit A attached hereto.

(b) Landlord and Tenant acknowledge that the Premises consists of the entire  
approximately 45,290 rentable square foot building plus associated parking spaces as provided  
herein.

(c) The Premises were measured by Landlord and verified independently by Tenant in accordance with the methods of measuring rentable area as described in the Standard Method for Measuring Floor Area in Warehouse/Office Buildings, ANSI Z65.1-195, as promulgated by the Building Owners and Management Association (BOMA) International. At no time, except by specific amendment to this Lease, will the amount of square footage as contained herein exceed the amount stated above.

3. COMMON AREAS. Tenant may use the following areas ("Common Areas") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord.

#### 4. COMMENCEMENT AND EXPIRATION DATES

(a) Term. The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within thirty (30) days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C. The lease shall commence in accordance with the provisions of Section 1(g). The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Premises are substantially complete, Tenant has inspected the Premises and Tenant has accepted the Premises. The term "Substantially Complete" or "Substantial Completion" as used in this Lease shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises; (2) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises; (3) Landlord has obtained a certificate of occupancy for the Building, or its equivalent; and (4) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease.

(b) Termination Right. If the Commencement Date has not occurred within ninety (90) from the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays as provided in Landlord's Work Letter, which has been executed concurrently herewith, Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder.

(c) Early Possession. Tenant shall be entitled to possession of the Premises not less than thirty (30) days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Such early occupancy shall be subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not pay Basic Rent for such early occupancy period.

(d) Early Termination. Tenant shall have the right to terminate this Lease at any time after the Early Termination Notice Date, as defined in Section 1, by giving Landlord not less than one hundred twenty (120) days prior written notice executed by the Chief Administrative Officer of Tenant. In order for any such early termination to be effective, the early termination notice must be given on the applicable Early Termination Date, and the effective date of the early termination shall be established in such notice, provided, however, in

any such case the effective date of the early termination shall be at least 120 days beyond the date of the notice.

5. RENT. Tenant shall pay Landlord all rent and other payments due to Landlord hereunder (including, without limitation, Basic Rent and reimbursement of the Additional Tenant Improvement Allowance and Change Order Allowance) during the Term hereof within fifteen (15) days after a claim therefore for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "County") prior to the first day of each month. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month. For each successive twelve (12) months of the original term of this Lease and for each successive twelve (12) month period thereafter, the monthly Basic Rent as set forth above shall be subject to adjustment as listed on Exhibit "F" attached hereto.

6. USES. The Premises are to be used only for the uses set forth in Section 1(l) and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use.

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon thirty (30) days written notice from Landlord or thirty (30) days written notice from the Chief Administrative Officer of Tenant at one hundred ten percent (110%) of the last monthly Basic Rent payable under this Lease (as such Basic Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

#### 9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within thirty (30) days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material Default hereunder. Basic Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or

unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days for any reason, then Tenant may terminate this Lease by giving written notice within ten (10) days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Basic Rent shall be abated from the date the Premises became untenable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds are available to repair the damages.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than thirty (30) days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is thirty (30) days after such written notice of termination. As used herein, the term "material destruction" shall mean the destruction of greater than ten percent (10%) of the Premises rendering the Premises totally or partially inaccessible or unusable.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may, after giving written notice thereof to Landlord and a thirty day period to cure such failure: (a) declare a default hereunder or (b) perform or cause to be performed the restoration work and deduct the cost thereof plus interest thereon at ten percent (10%) per annum, from the Basic Rent next due as a charge against the Landlord.

## 10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. Landlord represents, to the best of his knowledge, to Tenant that (i) the Premises, the Building and all Common Areas (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including the Americans With Disabilities Act; and are in reasonable good working order and condition; (ii) the Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirements; and (iii) subject to the last sentence of this subsection, to Landlord's actual knowledge, the Premises, Building and Common Areas are free of the presence of any Hazardous Materials (as hereinafter defined) and (iv) Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation. Landlord represents, based upon the Phase I Environmental Site Assessment Report that the Premises and the Building contain no asbestos or other Hazardous Materials (as herein defined) containing materials (other than as may be reflected in the Phase I Environmental Site Assessment Report).

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intra building network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; and (iv) exterior windows of the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering (if such floor covering is carpeting it shall be replaced as needed but not less often than after ten (10) years of use); (2) interior partitions; (3)

doors: (4) the interior side of demising walls (which shall be repainted as needed but not less often than every ten (10) years excluding reasonable touch-up). Without limiting the foregoing, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed, (b) be at least equal in quality, value and utility to the original work or installation, (c) be in accordance with all laws.

(c) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than five (5) days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. If not reimbursed by Landlord within ten (10) days, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 15.

## 11. SERVICES AND UTILITIES.

Landlord shall furnish the following services and utilities to the Premises:

(a) HVAC. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other Industrial buildings and not less than the standard set forth in Exhibit D attached hereto.

(b) Electricity. Landlord shall furnish to the Premises the amount of electric currently provided to the Building as of the date of this lease.

(c) Water. Landlord shall make available, at tenant's cost, water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

Notwithstanding the above, Tenant agrees to pay when due all charges for the consumption of the electricity and water in connection with the demised Premises during the term of this Lease or any renewal, extension, or holdover thereof, provided the same are measured by separate meter, which shall be installed at the sole cost of the Landlord.

(d) Janitorial. Landlord shall provide janitorial service on five (5) nights per week generally consistent with that furnished in comparable office buildings in the County of

Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

(e) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven (7) day per week, twenty-four (24) hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

12. TAXES. Landlord shall pay promptly all real property taxes, assessments and special assessments which may be levied or assessed against the demised Premises during the term of this Lease or any renewal or holdover period thereof. In the event Landlord fails or refuses to pay any or all taxes or assessments when due, Lessee may give Landlord thirty (30) calendar days prior written notice and pay such taxes and assessments and deduct thereafter the payments from the installments of rent next due as a charge against Landlord.

13. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or Premises for more than eight consecutive business hours, Basic Rent shall be prorated based upon the percentage of the Premises or Building rendered untenable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises without notice to Tenant in the event of an emergency.

#### 14. TENANT DEFAULT.

(a) Default. The occurrence of any one or more of the following events (a "Default") shall constitute a material default and breach of this Lease by Tenant:

(i) the failure by Tenant to make any payment of Basic Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten (10) days after written notice to Tenant;

(ii) the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of thirty (30) days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than thirty (30) days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Termination. Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

(c) No Effect on Indemnity. Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

#### 15. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9(b), 19(b) and 20(a)(iii), Landlord shall be in default in the performance of any

obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within twenty (20) days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(c)); provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such twenty (20) day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the default by Landlord ("Landlord Default") is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, upon giving written notice to Landlord, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof (including but not limited to attorneys' fees) plus interest at the rate of ten (10%) per annum from the installments of Basic Rent next falling due; (ii) to pursue the remedy of specific performance; or (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Basic Rent next coming due.

(b) Waiver. Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

16. ASSIGNMENT AND SUBLETTING. Tenant may assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent; provided, however, such transferee must have a credit rating for claims paying ability by Standard and Poor's Rating Group of "AA" or better and no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a credit rating for claims paying ability by Standard and Poor's Rating Group of "AA" or better. Landlord's consent shall be given or denied within thirty (30) days of receipt of Tenant's written request for release from liability under this Lease. Should there be no response within thirty (30) days after the specific written request is made to Landlord, the request shall be deemed approved by the Landlord.

Notwithstanding the foregoing, Tenant shall have the right at all times to allow another government agency (including any government assignee, contractor or subcontractor) other than the Department of Health Services, to use the Premises, without the Landlord's written consent so long as the intended use is consistent and compatible with Tenant's use of the Premises in accordance with the terms of Section 6 of the Lease. Lessee agrees to promptly notify Landlord in writing of any such change in tenancy.

Any right to exercise the early termination options described in Section 4(d) of the Lease, the purchase option described in Section 36 of the Lease or the extension options described in Section 34 of the Lease shall be deemed personal to Tenant, and shall not be available to any assignee or sublessee of Tenant, it being understood that any such options shall, in the event of any such sublease or assignment, be void ab initio.

## 17. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria: (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not materially affect the systems or structure of the Building; and (4) such alteration does not cost more than \$50,000 in the aggregate. If Landlord fails to respond in writing within thirty (30) days of such request, Landlord shall be deemed to approve the Alterations.

(b) End of Term. Tenant shall remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture). Any damage caused by Tenant in connection with the removal of any such items shall be repaired by Tenant, at Tenant's sole expense.

## 18. CONDEMNATION.

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, more than ten percent (10%) of the Premises is taken and the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within thirty (30) days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than thirty (30) days nor later than ninety (90) days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within thirty (30) days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within thirty (30) days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays



that are not caused by Landlord, completes it within one hundred twenty (120) days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

(f) Waiver of Statute. Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

## 19. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of Tenant's use of the Premises or any grossly negligent act or omission or willful misconduct of Tenant or its employees or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the gross negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any grossly negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

## 20. INSURANCE.

(a) Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30 or its equivalent), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value.

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000 and (3) personal and advertising injury of \$1,000,000. These limits can be comprised of a combination of primary and umbrella liability policies on a following form basis.

(iii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease

(b) Insurance Requirements. All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of "AVII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Tenant shall be written as primary policies, not contributing with, and not in excess of coverage which Landlord may carry.

(c) Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least fifteen (15) days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates must document that each party has named the other as an additional insured (or its equivalent) on its general liability and property insurance policy, as required. Further, all certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates.

(d) Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

(e) Tenant's Insurance. During the term of this Lease, Tenant will maintain in full force and effect the types and amounts of insurance described below with respect to the Premises and Tenant's employees (Tenant, at its sole option, shall use commercial insurance and/or self-insurance or any combination thereof to satisfy these requirements):

	Types	Amounts
(a)	Worker's Compensation	In accordance with applicable statutes
(b)	Employer's Liability	\$1,000,000 bodily injury each accident \$1,000,000 bodily injury by disease
(c)	General Liability	\$5,000,000 each occurrence combined single limit bodily injury and property damage (which can be comprised of a combination of primary and umbrella policies on a following form basis)

Landlord shall be named as an additional insured under the coverage required under (c) above. Furthermore, the policies listed in (a) and (b) above shall contain waiver of subrogation provisions in favor of Landlord.

All insurance required to be carried hereunder shall be evidenced by valid and enforceable policies, issued by financially sound and responsible insurance carriers authorized or permitted to do business in the state in which the Premises are located, and having a Best's Policyholder Rating of not less than A VII.

Tenant will provide Landlord with appropriate certificates evidencing the insurance coverage required hereunder at commencement of this Lease and at each subsequent renewal of such coverage. Replacement certificates will be sent if policies are replaced or materially modified. Each certificate will state that at least 30 days' notice shall be given to Landlord prior to the cancellation of any policy.

## 21. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of exclusive reserved parking stalls set forth in Section 1 without charge for the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building. Landlord may substitute parking spaces assigned to Tenant with parking spaces at adjacent properties (within 500 feet) on a temporary, as needed, basis.

(b) Remedies. Landlord shall use his best efforts to provide tenant with fifty (50) exclusive spaces at all times during the Term of this Lease. If Landlord provides less than 50 spaces, Tenant may at its sole discretion, negotiate with Landlord for an equitable reduction in the monthly rent based upon the Fair Market Value, estimated to be \$100 per space, of such parking or the loss of such parking if not replaced. Notwithstanding the provision above, if during the Term of this Lease, Landlord fails to provide at least fifteen (15) permanent parking stalls (within 500 feet of the Premises), Tenant may (a) terminate this Lease by giving written notice of such termination to Landlord, provided Landlord shall have a cure period of thirty (30) days of receipt of such notice. If Landlord fails to cure within the thirty (30) days, the Lease shall be terminated.

## 22. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas. The foregoing notwithstanding, Tenant acknowledges that it has received and reviewed and is familiar with the condition of the Premises as described in that certain Phase I Environmental Site Assessment Report. The existence of any Hazardous Materials identified in the Phase I Environmental Site Assessment Report shall not constitute a breach of, or default under, this Lease by Landlord.

(b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

23. ESTOPPEL CERTIFICATES. Tenant shall, within thirty (30) days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

24. TENANT IMPROVEMENTS. Prior to the Commencement Date, Landlord shall construct the Tenant Improvements in the manner set forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

25. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

## 26. SUBORDINATION AND MORTGAGES

(a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein.

(b) Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Document I in the Supplemental Lease Documents, delivered to Landlord concurrently herewith within thirty (30) days after the execution of this Lease.

(c) Request for Notice. Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Property in the form of Document V in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(d) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of Default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten (10) days within which to cure such Default.

27. SURRENDER OF POSSESSION. Tenant agrees to return the Premises to Landlord in as good condition as when rented, ordinary wear and tear, damage by earthquake, fire or the elements and other such disasters or casualty excepted. As between Tenant and Landlord, Tenant shall be responsible to Landlord for any and all damage to the Premises by any of Tenant's agents, servants, employees, customers or invitees. Tenant shall remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

28. SIGNAGE. Tenant shall be permitted, at Tenant's sole cost and expense, to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances.

29. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

### 30. GENERAL

(a) Headings. Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(b) Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

(c) Entire Agreement. This Lease (and the Landlord's Work Letter and Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

(d) Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(e) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(f) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this lease shall be conducted in the County of Los Angeles, State of California.

(g) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

(h) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(i) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within thirty (30) days after written request is made therefore, together with all necessary information.

(j) Community Business Enterprises. Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(k) Memorandum of Lease. If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

31. AUTHORITY. Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Administrative Officer of the County or its delegee (the "Chief Administrative Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Basic Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

### 32. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

(a) Consideration of GAIN Program Participants. Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

(b) Solicitation of Consideration. It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.

(c) Landlord Assignment.

(i) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Basic Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

(ii) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void as it regards this Lease.

(iii) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County.

(iv) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and

extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(v) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Basic Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(vi) Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except with County's prior written consent. The foregoing shall not apply to any information which is available to the general public. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

(vii) The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

(viii) The foregoing notwithstanding, Tenant has been advised, and hereby acknowledges, that SFSHP Investors I, LLC has entered into a purchase and sale agreement and escrow instructions (the "Sale Agreement") to sell its entire ground lease interest in the entire Heritage Corporate Center (the "Center"), including the Premises, to Argus Realty Investors, LP or its affiliates (together "Argus"), and that in connection with any such sale the Lease will be assigned to Argus. Tenant further has been advised, and hereby acknowledges, that Argus intends to finance its acquisition of the Center, in part, by borrowing a loan from Principal Life Insurance Company or one of its affiliates ("Principal") and that, in connection with any such borrowing, the Lease will be assigned to Principal. Finally, Tenant has been advised, and hereby acknowledges, that Argus will thereafter sell undivided tenant in common interests in the Center, including the Premises and the Lease, to various tenant in common investors in connection with a real estate syndication program, which transfers shall result in various owners owning undivided tenant in common interests in the leasehold interests in the Center. By its execution hereof, Tenant consents to, and otherwise approves, the foregoing transfers.

**33. IRREVOCABLE OFFER.** In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.



IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

SFSHP Investors, LLC, a Delaware limited liability company

By: MS Heritage Manager, LLC, a Delaware limited liability company, its Manager

By:

Name:

Its:

*Jeff Deitley*  
JEFF DEITLEY  
VICE PRESIDENT

The above Lease and County's rights therein are acknowledged and affirmed.

ARI-HERITAGE CORPORATE CENTER, LLC, a Delaware limited liability company

By:

Name:

Its:

*Richard Gee*  
RICHARD GEE  
PRES

TENANT:

COUNTY OF LOS ANGELES,  
a body politic and corporate

By:

Name:

Chairman, Board of Supervisors

*DON KNABE*  
DON KNABE

ATTEST:

Violet Varona-Lukens  
Executive Officer-Clerk  
of the Board of Supervisors

By:

Deputy

*Lupia J. Delalobos*



APPROVED AS TO FORM:

Lloyd W. Pellman  
County Counsel

By:

Deputy: Francis E. Scott

*Francis E. Scott*

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

23

DEC 16 2003

*Violet Varona-Lukens*  
VIOLET VARONA-LUKENS  
EXECUTIVE OFFICER

**ADDENDUM TO LEASE AND ALTERNATIVE PROVISIONS**

**For**

**COUNTY OF LOS ANGELES  
CHIEF ADMINISTRATIVE OFFICE  
LEASE AND AGREEMENT**

## TABLE OF CONTENTS

### Page

1.	Addendum to Lease .....	1
	New Section 34 - Option to Renew .....	1
	New Section 35 - RESERVED .....	1
	New Section 36 - Option to Purchase the Property .....	1

## ADDENDUM TO LEASE

THIS ADDENDUM TO LEASE ("Addendum") is attached to and constitutes an integral part of the Lease between SFSHP INVESTORS I, LLC, a Delaware Limited Liability Company, as Landlord, and County of Los Angeles, a body politic and corporate, as Tenant. The terms of this Addendum shall be incorporated in the Lease for all purposes. All words and phrases not specifically defined in this Addendum shall have the same meaning as in the Lease.

The following new Sections are hereby added to the Lease which state in their entirety as follows:

34. New Section 34 - Option to Extend. A new Section 34 hereby is added to the Lease which states in its entirety as follows:

(a) Terms of Options. Provided that no material Default has occurred and is continuing under the Lease at the time the option is exercised, Tenant shall have two (2) options to renew this Lease for an additional period of sixty (60) months each (respectively, the "First Extension Term" and the "Second Extension Term", and collectively, the "Extension Term(s)"). Rent during any extension term shall be payable as set forth in Exhibit F to the Lease.

(b) Exercise of Option. Tenant must exercise its options to extend this Lease by giving Landlord written notice of its election to do so no later than one hundred eighty (180) days prior to the end of the initial Term, or the First Extension Term, as applicable.

(c) Terms and Conditions of Extension Terms. The Extension Terms shall be on all the terms and conditions of this Lease, including Basic Rent [except that Landlord shall have no additional obligation for free rent, leasehold improvements or for any other tenant inducements for the Extension Terms] provided that Tenant's early termination right described in Section 4(d) shall require that the applicable written notice be given on the first day following the first twenty-four (24) months of each option period, and that the effective date of any such termination be at least 120 days thereafter. In no event shall Landlord be responsible for payment of any brokerage fees or commissions to any broker or finder retained by Tenant or representing Tenant.

35. RESERVED.

36. New Section 36 - Option to Purchase all of the Landlord's interest in the Ground lease (including any improvements). A new Section 36 is hereby added to the Lease which states in its entirety as follows:

(a) (i) Landlord has informed Tenant of its intent to sell the Center to Argus as described in Section 32 of the Lease. Should the sale to Argus occur and provided that the Landlord has not given written notice that a material Default has occurred and is continuing under the Lease at the time the Notice of Intent (as defined below) is given, Tenant shall, subject to the terms of this Section, have the option to purchase the Landlord's ground lease interest and improvements in the Premises (which is described in Exhibit A hereto) on the terms and conditions herein set forth for a purchase price of Two Million Seven Hundred Thousand Dollars (\$2,700,000.00) plus any unamortized amounts of Additional Tenant Improvement Allowance and the Change Order Allowance (the "Purchase Price"), at any time between the eighteenth (18<sup>th</sup>) and thirtieth (30<sup>th</sup>) months of the initial Term of this Lease. If Tenant intends to exercise this option, it shall give written notice of such intention to Landlord (the "Notice of Intent"), stating the proposed closing date of the sale (the "Closing Date"), which shall be at least ninety (90) days, but not more than six (6) months thereafter. Tenant shall enclose with the Notice of

Intent the proposed form of a written purchase and sale agreement and escrow instructions in the form then customarily used by Tenant (the "Purchase Contract"). Landlord and Tenant shall thereafter use good faith efforts to mutually agree to the final form of the Purchase Contract by which Landlord shall agree to convey the property and Tenant shall agree to purchase the property for the Purchase Price on or before the Closing Date on the terms and conditions set forth herein. Landlord and Tenant shall execute such Purchase Contract thereafter and deliver a copy thereof to an escrow holder selected by Tenant. Escrow fees shall be shared equally by both parties. Prorations of expenses of the property and the payment of closing costs shall be shared in accordance with the custom then prevailing in Los Angeles County except as otherwise provided herein. The terms of this Lease shall continue to be in effect until the Closing Date of Tenant's purchase of the property, at which time this Lease shall be automatically terminated. If for any reason the escrow is cancelled, this Lease shall continue to be in effect.

(ii) Should the sale by Landlord to Argus not occur, Tenant shall, in lieu of the option described in the immediately preceding paragraph, have the option to purchase the Landlord's ground lease interest and improvements (which is described in Exhibit A hereto) on the terms and conditions herein set forth for a purchase price of Two Million Seven Hundred Thousand Dollars (\$2,700,000.00) plus any unamortized amounts of Additional Tenant Improvement Allowance and the Change Order Allowance (the "Purchase Price") at any time between the eighteenth (18<sup>th</sup>) and sixtieth (60<sup>th</sup>) months of the initial Term of this Lease. If Tenant intends to exercise this option, it shall give written notice of such intention to Landlord (the "Notice of Intent"), stating the proposed closing date of the sale (the "Closing Date"), which shall be at least ninety (90) days, but not more than six (6) months thereafter. Tenant shall enclose with the Notice of Intent the proposed form of a written purchase and sale agreement and escrow instructions in the form then customarily used by Tenant (the "Purchase Contract"). Landlord and Tenant shall thereafter use good faith efforts to mutually agree to the final form of the Purchase Contract by which Landlord shall agree to convey the property and Tenant shall agree to purchase the property for the Purchase Price on or before the Closing Date on the terms and conditions set forth herein. Landlord and Tenant shall execute such Purchase Contract thereafter and deliver a copy thereof to an escrow holder selected by Tenant. Escrow fees shall be shared equally by both parties. Prorations of expenses of the property and the payment of closing costs shall be shared in accordance with the custom then prevailing in Los Angeles County except as otherwise provided herein. The terms of this Lease shall continue to be in effect until the Closing Date of Tenant's purchase of the property, at which time this Lease shall be automatically terminated. If for any reason the escrow is cancelled, this Lease shall continue to be in effect. If however, Landlord enters into a contract to sell the property to another party other than the Argus Sale, the Tenant's option to purchase shall revert back to the time period specified in the Section 36(a)(i) of between the 18<sup>th</sup> and 30<sup>th</sup> month of the initial Term of the Lease. If such contract is executed on after the 30<sup>th</sup> month of the initial Term of the Lease, the Tenant's option to purchase shall be terminated.

(b) The purchase shall be subject to (a) a review of the feasibility, zoning, environmental, title and other matters affecting the property during a period of ninety (90) days after execution of the Purchase Contract, and (b) approval of the proposed purchase of the property by the Board of Supervisors and (c) the approval and consent of the ground lessor to both the separation of the property from the balance of the Center controlled by the ground lease and of the transfer of the leasehold interest in the property to Tenant. If Tenant is not satisfied with the results of such review, in its absolute discretion, or if the purchase of the Property is not approved by the Board of Supervisors, the Purchase Contract may be terminated by Tenant by written notice to Landlord with no further obligation or liability thereunder, in which event the Lease shall continue in full force and effect. If the ground lessor does not provide the consent and approval required in the preceding sentence, then either Landlord or Tenant can terminate the Purchase Contract by written notice to the other with no further obligation or liability thereunder, in which event the Lease shall continue in full force and effect. Landlord shall cooperate with Tenant by permitting access to the property for purposes of making such

inspections as are reasonable and customary and shall deliver such information concerning the property as may be reasonably requested.

(c) Landlord shall convey good and marketable fee title to the Landlord's ground lease interest and improvements to Tenant at the Closing and shall, at its expense, deliver to Tenant at the Closing, a standard coverage CLTA policy of title insurance in the amount of the Purchase Price insuring that leasehold title is vested in Tenant subject only to such matters as Tenant has approved or which otherwise affect the property including, in all events, the ground lease. Other than the obligation to obtain the release of the property from any financing incurred by the Landlord that is secured by the property, Landlord shall have no obligation to cure any other title exceptions. Except as set forth above, the sale of the Landlord's ground lease interest and improvements shall be on an "as-is" basis.

**LANDLORD'S WORK LETTER**

**For**

**COUNTY OF LOS ANGELES  
CHIEF ADMINISTRATIVE OFFICE  
LEASE AND AGREEMENT**

**DEPARTMENT: HEALTH SERVICES (Emergency Medical Services Agency), as Tenant**

**LANDLORD: SHSHP INVESTORS I, LLC, a Delaware Limited Liability Company**

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**10430 Slusher Drive, Santa Fe Springs, CA**

## LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated December \_\_\_, 2003, executed concurrently herewith, by and between SFSHP INVESTORS I, LLC, a Delaware Limited Liability Company as Landlord, and COUNTY OF LOS ANGELES as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. **Basic Work Letter Information.** The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

- |  |  |
|--|--|
| (a) <u>Base Tenant Improvement Allowance</u>                                 | \$85,000.00 (\$1.88 per rentable square foot)  |
| (b) <u>Additional Tenant Improvement Allowance</u>                           | \$500,000 (\$11.04 per rentable square foot)   |
| (c) <u>Maximum Change Order Allowance</u>                                    | \$10,000.00 (\$.22 per rentable square foot)   |
| (d) <u>Additional Tenant Improvement and Change Order Amortization Rate:</u> | (i) Payable in a lump sum payment within thirty (30) days after the Commencement Date; or upon a finalized accounting of all Tenant Improvements having been provided by Landlord and reviewed by the County, whichever first occurs; or<br>(ii) 8.0% per annum payable monthly over the first 60 months of the lease (provided that after the 36 <sup>th</sup> month, Tenant shall have the option to pre-pay in a lump sum the unamortized portion). Furthermore, if Tenant exercises its Option to Purchase (as described in Addendum to Lease Section 36), the unamortized portion shall be added to the Purchase Price. |
| (e) <u>Basic Rent Reduction</u>  | n/a and n/a /100 Dollars (\$ 0) per month  |
| (f) <u>Tenant's Work Letter Representative</u>                               | Thomas Shepos  |
| (g) <u>Landlord's Work Letter Representative</u>                             | Jeff Dritley   |
| (h) <u>Landlord's Address for Work Letter Notice</u>                         | SFSHP INVESTORS I, LLC<br>C/O Kearny Real Estate Company<br>Attn: Jeffrey Dritley<br>1900 Avenue of the Stars, Suite 320<br>Los Angeles, CA 90067  |



(i) Tenant's Address for Work Letter Notice

Board of Supervisors  
Kenneth Hahn Hall of Administration.  
Room 383  
500 West Temple Street  
Los Angeles, California 90012

With a copy to:

Chief Administrative Office  
Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate

(j) Addenda

Addendum A: Base Building Improvements  
Addendum B: Tenant Improvements  
Addendum C: Form of Budget  
Addendum D: Costs of Tenant Improvements

2. Construction of the Building.

2.1 Base Building Improvements Landlord has constructed or shall construct the base Building improvements as a part of the Building described on Addendum A hereto (the "Base Building Improvements"). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall be considered Tenant Improvements (as defined below) only to the extent such changes or additions are specifically described in Addendum B hereto.

2.2 Additional Costs Not Tenant Improvement Costs

(a) In the event that the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance with such codes, such costs shall not be included in the calculation of Tenant Improvement Costs as defined below and Tenant shall have no financial responsibility for such costs. However, Landlord shall not be responsible for the cost associated with seismic upgrades necessary to meet the building's compliance to the current Los Angeles County Building Code requirements for essential facilities.

(b) Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or make existing building systems, including, but not limited to, electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease, or (v) supervision or overhead costs of Landlord.

3. **Selection of Architect and Engineer.** Landlord shall promptly solicit at least two (2) proposals from qualified licensed architects ("Architect") and engineers ("Engineer"), if only required as mutually determined by Landlord and Tenant, familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings as defined below. If required, the Architect and the Engineer shall be selected by Landlord subject to Tenant's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within three (3) business days after Landlord has submitted the name of the Architect and the Engineer to Tenant together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Tenant and written consent has been delivered to and received by Landlord.

4. **Selection of Contractor.** The Final Plans, as defined below, and a proposed construction contract approved by Tenant, shall be submitted to contractors, selected by Landlord and approved by Tenant, sufficient in number so that a minimum of two (2) bids are received. Each approved contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Tenant Improvements designated on the Final Plans. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder (with consideration given to price and schedule), and such contractor ("Contractor") shall enter into a construction contract ("Construction Contract") with Landlord consistent with the terms of the bid to construct the Tenant Improvements.

5. **Preparation of Plans and Specifications and Construction Schedule.**

5.1 **Preparation of Space Plan.** Concurrently with the execution of this Lease, Tenant shall submit to Landlord a Space Plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room (the "Space Plan").

5.2 **Approval of Space Plan.** Within two (2) days after Landlord receives the Space Plan, Landlord shall either approve or disapprove the Space Plan. Any disapprovals must be only for reasonable and material reasons including, but not limited to (1) a material adverse effect on the Building structure; (2) possible damage to the Building mechanical systems, (3) non-compliance with applicable codes, or (4) material adverse effect on the exterior appearance of the Building.

5.3 **Revisions to Space Plan.** Tenant shall make the changes necessary in order to correct the matters in the Space Plan disapproved by Landlord and shall return the Space Plan to Landlord, which Landlord shall approve or disapprove within two (2) days after Landlord receives the revised Space Plan. This procedure shall be repeated until written approval of the Space Plan by Landlord has been delivered to Tenant. The Space Plan may be submitted by Tenant in one or more stages and at one or more times, and the time periods for Landlord's approval shall apply with respect to each such portion submitted.

5.4 **Preparation and Approval of Working Drawings.** Within ten (10) days of the date the Space Plan is approved by Landlord (the "Plan Approval Date"), Landlord shall instruct the Architect to commence preparation of Working Drawings (the "Working Drawings"), only if required as mutually determined by Landlord and Tenant, which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings

(as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review. Landlord shall be solely responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

5.5 Preparation and Approval of Engineering Drawings. Landlord shall cause the Architect to coordinate all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review.

5.6 Integration of Working Drawings and Engineering Drawings into Final Plans. After Tenant has approved the Engineering Drawings, Landlord shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver five (5) sets of the Final Plans to Tenant. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements) and power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

5.7 Approval of Plans by Tenant. Approval by Tenant shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Tenant Improvements.

5.8 Schedule. Within thirty (30) days after the Plan Approval Date, Landlord shall submit to Tenant a detailed construction schedule, subject to approval by Tenant which approval shall not be unreasonably withheld, setting forth the dates specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, projected Commencement Date and other similar dates. As the construction continues, Landlord shall amend the schedule from time to time to reflect any changes to the projected dates.

## 6. Final Construction Budget and Payment of Tenant Construction Costs

6.1 Construction Budget. Within thirty (30) days after the Plan Approval Date, Landlord shall submit to Tenant a preliminary budget (the "Preliminary Budget" in a format similar to Addendum C attached hereto. Such budget shall be revised into final form within ten (10) days from of the date the Contractor is selected and will be referred to herein as the "Final Construction Budget". Tenant shall have five (5) days from the date of receipt of the Final Construction Budget to approve or disapprove the Final Construction Budget. Construction of the Tenant Improvements shall not begin until such time as Tenant indicates its approval or disapproval of the Final Construction Budget or the five (5) day period expires without any response from Tenant. In the event Tenant disapproves the Final Construction Budget due to matters related to cost and the Final Construction Budget is ten percent (10%) or more higher in cost than was projected in the Preliminary Construction Budget, then any delay caused by the

necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay. Landlord shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense. No fee for profit, overhead or general conditions in connection with the construction of the Tenant Improvements shall be included in the Final Construction Budget unless approved by Tenant.

6.2 Additional Tenant Improvement Allowance. Basic Rent has been agreed upon by Landlord and Tenant with the intention that the costs of the Tenant Improvements ("Tenant Improvement Costs") will not exceed the Tenant Improvement Allowance. Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements except for delays or costs arising from Tenant Delays as defined below. However, in the event that the Final Construction Budget projects that the Tenant Improvement Costs will exceed the Tenant Improvement Allowance, Tenant may authorize Landlord, after obtaining the written approval of the Chief Administrative Officer, to pay the overage in an amount not exceeding the Additional Tenant Improvement Allowance. The Additional Tenant Improvement Allowance shall be paid to Landlord as provided herein.

6.3 Payment of Additional Tenant Improvement Allowance.

(a) Method of Payment. The Additional Tenant Improvement Allowance may, at Tenant's election, (i) be paid in a lump sum payment within thirty (30) days after the Commencement Date; or within thirty (30) days after Landlord provides a finalized accounting of all Tenant Improvements and acceptance by the County, whichever comes first; or (ii) may be amortized over the initial 60 months of the term of the Lease at the Tenant Improvement Amortization Rate. Tenant may after the 36<sup>th</sup> month of the Term pay Landlord in a lump sum for all of the unamortized Tenant Improvement Cost.

(b) Statement of Adjustments. Within thirty (30) days after the Commencement Date, Landlord shall prepare and submit to Tenant a statement showing in reasonable detail all Tenant Improvement Costs and the total amount payable hereunder by Tenant to Landlord, or by Landlord to Tenant, in order to adjust the amount of any previous payments by either party to the other pursuant to this Landlord's Work Letter to the amount payable by or to such party based on the total actual Tenant Improvement Costs. Within thirty (30) days after submission to Tenant of the foregoing statement, Tenant shall pay Landlord, or Landlord shall pay Tenant (as applicable), the adjustment amount.

7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto.

7.2 Bids. Unless waived by Tenant in writing, any major contractors, subcontractors and materials providers providing labor and/or materials for the Tenant Improvements shall be selected only after two bids have been solicited from responsible and qualified persons. Landlord shall submit two sealed fixed price bids for the construction of the Tenant Improvements to Tenant for its review prior to the award of the Construction Contract. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. Two bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

(a) Permits. Landlord shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans.

(b) Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within fifteen (15) days after issuance of all such necessary permits. Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Tenant Improvements, subject to any cessation that may be caused by Force Majeure Delays.

7.3 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant.

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts required by Tenant shall be provided by Landlord and added to the Tenant Improvement budget. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Landlord or its contractors, and agrees to reimburse Tenant for any and all expenses incurred by Tenant by reason of substandard work performed by Landlord's contractor or contractors (as reasonably mutually determined by Landlord and Tenant according to the usual standards of work in the Building) or as a result of inadequate clean-up, as long as Landlord shall be provided a cure period of thirty (30) days to cure such inadequacy.

(d) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements. Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors which are applicable to the work, are filed with the Clerk of the Board of Supervisors and must be posted at the site.

7.4 Conformed Plans. Within sixty (60) days after Substantial Completion of the Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-built") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted on three and one-half inch (3½") 1.4Mb magnetic media diskettes in Auto CAD R 12.dwg (or later version) format or .DXF format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

8. Change Orders. Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans ("Change Order"), provided both Tenant and Landlord approve such changes in writing. The Authorized Change Order Amount set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of all authorized Change Orders but only the Chief Administrative Officer is authorized to approve Change Orders on behalf of Tenant and then only if the aggregate amount of such approved Change Orders does not exceed the Authorized Change Order Amount. Tenant may elect to pay for Change Orders (a) in a lump sum payment within thirty (30) days after the Commencement Date; or within thirty (30) days after Landlord provides a finalized accounting of all Tenant

Improvements and acceptance by the County, whichever first occurs; or (b) amortize the costs over the initial sixty (60) months of the term of the Lease at the Change Order Amortization Rate per month. Landlord shall submit to the Chief Administrative Officer with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the Chief Administrative Officer.

9. Audit.

9.1 Tenant Improvement Allowance. For purposes of ascertaining the actual cost of the Tenant Improvements, Landlord shall provide to Tenant, upon Substantial Completion of the Tenant Improvements, a detailed breakdown of the total costs of constructing the Tenant Improvements and execute a summarized breakdown of the total costs of the Tenant Improvements in the form of Addendum D attached hereto.

9.2. Audit. Tenant may audit the costs of the Tenant Improvements and Change Orders for a period of twenty-four months from the date of Substantial Completion of the Tenant Improvements.

10. Delay.

10.1. Tenant Delays and Force Majeure Delays. Except as set forth herein, no delay in the completion of construction of the Tenant Improvements shall be considered in the determination of the Commencement Date of the Lease and, except as set forth herein or in the Lease, under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Tenant Improvements. Subject to the provisions of Section 10.2, the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (i) Tenant fails or refuses to give authorizations or approvals within the time periods required herein but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); or (ii) Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)").

10.2. Limitations.

(a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within forty eight (48) hours of the event giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord.

(b) Mitigation. Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date only in the event that Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make (provided such additional cost incurred by Landlord due to such effort does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to such excess).

(c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only to the extent the same are not concurrent with any other Tenant Delay

or Force Majeure Delay which is effective hereunder. For example, if there are ten (10) days of Tenant Delays and four (4) days of Force Majeure Delays which occur during the same ten (10) day period of such Tenant Delays, then the Projected Commencement Date would be extended by only ten (10) days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, the Projected Commencement Date would be extended by fourteen (14) days.

(d) Change Orders. Landlord may not claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the Change Order authorization.

11. Default. Any default by Landlord under the terms of this Landlord's Work Letter shall constitute a default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

12. Representatives.

(a) Tenant Representative. Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Landlord's Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.

(b) Landlord Representative. Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Landlord's Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.

13. RESERVED.

14. Construction Meetings. During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Landlord and Tenant mutually agree otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within five (5) days of the date the Contractor is selected.

15. **Delivery.** Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

LANDLORD:

SFSHP Investors I, LLC,  
a Delaware limited liability company

By: MS Heritage Manager, LLC,  
a Delaware limited liability company, its Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date Signed: \_\_\_\_\_

TENANT:

COUNTY OF LOS ANGELES,  
a body politic and corporate

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date Signed: \_\_\_\_\_



## ADDENDUM A To Landlord's Work Letter

### BASE BUILDING IMPROVEMENTS

Landlord has constructed (or will construct) the Building to include the following:

- (a) the Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;
- (b) the core area, including mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord;
- (c) men's and women's toilet rooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;
- (d) unpainted exterior dry wall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows;
- (e) parking facilities;
- (f) ground floor lobby;
- (g) exterior plazas and landscaping;
- (h) loading dock;
- (i) electrical/telephone closet (which is expected to be replaced with a new electrical/telephone closet incorporated into Tenant Improvements);
- (j) conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets, in which case Landlord, at no cost to Tenant and without deduction from the Tenant Improvement Allowance, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);
- (k) two (2) 208/120 and one (1) 480/277 volt panels connected to the Building power system;
- (l) concrete floors with trowel finish, level to specified tolerances and designed to support a minimum live load of fifty (50) pounds per square foot and a partition load of twenty (20) pounds per square foot;
- (m) standard window coverings;
- (n) primary HVAC duct for cooling and primary HVAC duct for heating (heating is for perimeter zone only) to loop from the mechanical equipment room around the building core;
- (o) hot and cold air loops located within the Premises;
- (p) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises;

(q) primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution;

(r) access at panels in the service core for distribution of Building requirements electrical power (initially 120/208 V for power and 277V for fluorescent lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and

(s) gypsum board on the service core walls, columns and sills in the Premises' office areas.

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## **ADDENDUM B To Landlord's Work Letter**

### **TENANT IMPROVEMENTS**

Tenant improvements shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises;
- (c) Interior finishes of any kind within the Premises;
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Terminal boxes and reheat coils or other HVAC or air distribution devices to or within the Premises;
- (f) Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor;
- (g) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;
- (h) Any and all signs for Tenant and the power therefor;
- (i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (j) Additional and/or above standard electrical capacity;
- (k) Fiber optic access;
- (l) Back-up generator;
- (m) Additional 5-ton HVAC unit;
- (n) Shower rooms; and
- (o) Any additional items shown in the DHS Space Plan (dated 9/20/03) and the Structural Engineer's drawings (dated 11/5/03) which are not part of Base Building Improvements.

**ADDENDUM C To Landlord's Work Letter**  
**FORM OF BUDGET (These numbers are being finalized)**

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**ADDENDUM D To Landlord's Work Letter**

**COSTS OF TENANT IMPROVEMENTS (These numbers are being finalized)**

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Exhibit A – Plan of Premises

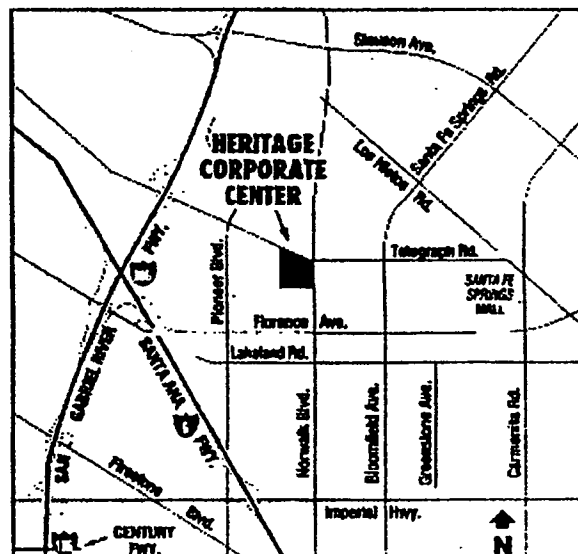
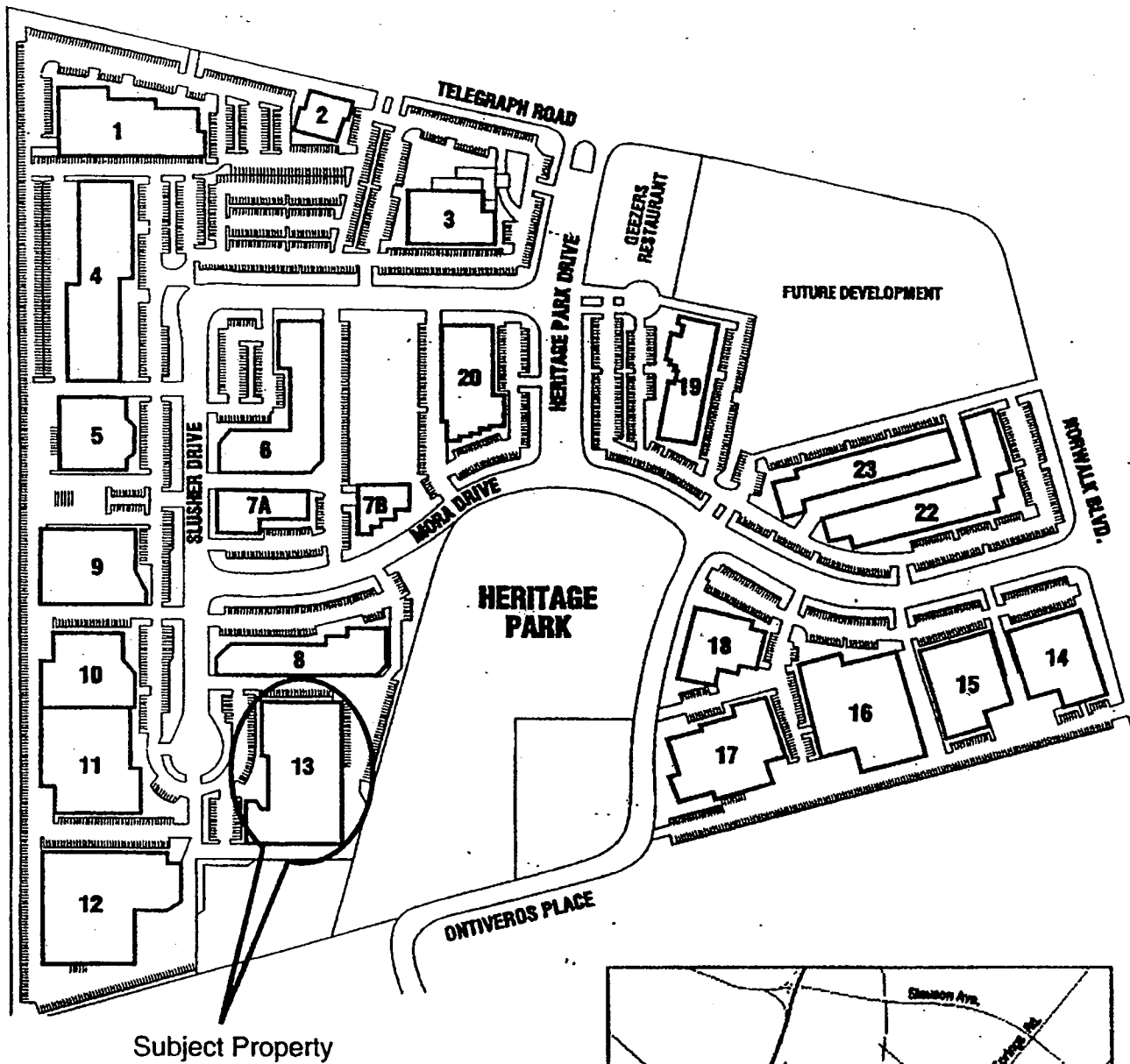


EXHIBIT F  
RENT SCHEDULE

Year 1	\$0.64 per square foot
Year 2	\$0.66 per square foot
Year 3	\$0.68 per square foot
Year 4	\$0.70 per square foot
Year 5	\$0.72 per square foot
Year 6	\$0.68 per square foot
Year 7	\$0.70 per square foot
Year 8	\$0.72 per square foot
Year 9	\$0.74 per square foot
Year 10	\$0.76 per square foot

First Option Period

Year 1	\$0.78 per square foot
Year 2	\$0.80 per square foot
Year 3	\$0.82 per square foot
Year 4	\$0.84 per square foot
Year 5	\$0.86 per square foot

Second Option Period

Year 1	\$0.88 per square foot
Year 2	\$0.90 per square foot
Year 3	\$0.92 per square foot
Year 4	\$0.94 per square foot
Year 5	\$0.96 per square foot

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EXHIBIT B

LEGAL DESCRIPTION

DESCRIPTION OF LAND: PHASE I AND PHASE II (Premise is situated on part  
of this Land)

PHASE I

PARCEL A:

PARCEL 3 OF PARCEL MAP NO. 17570, IN THE CITY OF SANTA FE SPRINGS, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON THE MAP FILED IN BOOK 196 PAGES 86 THROUGH 97 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF PARCEL 2 OF SAID PARCEL MAP NO. 17570, ALSO SHOWN AS PARCEL "A" ON THAT CERTAIN DOCUMENT ENTITLED, "GRANT OF WAIVER AND CERTIFICATE OF COMPLIANCE", RECORDED OCTOBER 9, 1987 AS INSTRUMENT NO. 87-1625351, OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF PARCEL 4 OF SAID PARCEL MAP NO. 17570; THENCE SOUTH 74° 53' 00" EAST 60.33 FEET ALONG THE SOUTHERLY LINE OF PARCEL 3 TO THE TRUE POINT OF BEGINNING, SAID POINT BEING AN ANGLE POINT IN THE BOUNDARY OF SAID PARCEL 3; THENCE SOUTH 15° 07' 00" WEST 8.14 FEET ALONG THE SOUTHERLY PROLONGATION OF SAID MOST EASTERLY LINE OF SAID PARCEL 3 TO A LINE PARALLEL WITH AND SOUTHERLY 8.14 FEET FROM SAID SOUTHERLY LINE; THENCE SOUTH 74° 53' 00" EAST 61.67 FEET ALONG SAID PARALLEL LINE; THENCE NORTH 15° 07' 00" EAST 31.14 FEET; THENCE SOUTH 74° 53' 00" EAST 36.00 FEET; THENCE NORTH 15° 07' 00" EAST 115.77 FEET; THENCE NORTH 63° 40' 08" WEST 27.03 FEET; THENCE NORTH 26° 19' 52" EAST 47.00 FEET TO THE NORTHEASTERLY LINE OF SAID PARCEL 2; THENCE NORTH 63° 40' 08" WEST 129.00 FEET ALONG SAID NORTHEASTERLY LINE TO THE MOST NORTHERLY CORNER OF SAID PARCEL 2; THENCE ALONG THE EASTERLY AND NORTHEASTERLY LINES OF SAID PARCEL 3 AND SAID MOST EASTERLY LINE, THE FOLLOWING COURSES: SOUTH 26° 19' 52" WEST 47.00 FEET, SOUTH 63° 40' 08" EAST 56.46 FEET AND SOUTH 15° 07' 00" WEST 158.13 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING FROM A PORTION OF SAID LAND, ALL OF THE MINERALS AND MINERAL ORES OF EVERY KIND AND CHARACTER, WITHIN OR UNDERLYING SAID LAND OR THAT MAY BE AT ANY TIME PRODUCED THEREFROM INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ALL PETROLEUM, OIL, NATURAL GAS AND OTHER HYDROCARBON SUBSTANCES AND ALL PRODUCTS DERIVED THEREFROM, TOGETHER WITH ALL RENTS, ROYALTIES AND OTHER BENEFITS ARISING



UNDER ANY EXISTING OR FUTURE LEASES OR OPERATING OR OTHER CONTRACTS OR AGREEMENTS IN CONNECTION THEREWITH. AND THE EXCLUSIVE AND PERPETUAL RIGHT OF INGRESS AND EGRESS BENEATH THE SURFACE OF SAID LAND TO EXPLORE FOR, EXTRACT, PRODUCE, MINE AND REMOVE THE SAME AND TO MAKE SUCH USE OF THE SAID LAND BENEATH THE SURFACE AS IS NECESSARY OR USEFUL, IN CONNECTION THEREWITH, WHICH USE MAY INCLUDE LATERAL OR SLANT DRILLING, BORING, DIGGING OR SINKING OF WELLS, SHAFTS OR TUNNELS, PROVIDED, HOWEVER, THAT SAID FIRST PARTY, HER HEIRS, ASSIGNS, LESSEES AND/OR CONTRACTEES, SHALL NOT, IN THE EXERCISE OF ANY OF SAID RIGHTS, MAKE USE OF THE SURFACE OF SAID LAND AND SHALL USE REASONABLE CARE NOT TO DISTURB THE SURFACE OF SAID LAND OR ANY IMPROVEMENTS THEREON; AS EXCEPTED AND RESERVED BY MARGARET F. SLUSHER, A WIDOW, IN DEED RECORDED MAY 4, 1955 IN BOOK 47672 PAGE 344, OFFICIAL RECORDS.

ALSO EXCEPT AN UNDIVIDED ONE HALF INTEREST IN AND TO ALL OILS, PETROLEUM, ASPHALTUM, GAS AND OTHER KINDRED SUBSTANCES WHICH NOW ARE OR MAY HEREAFTER BE IN, ON OR UNDER ANY OR ALL OF SAID LAND, ADJUDGED TO BE OWNED BY EUGENE OVERTON, INDIVIDUALLY AND AS TRUSTEE, SECURITY PACIFIC NATIONAL BANK, A NATIONAL BANKING ASSOCIATION, AS TRUSTEE, MATTHEW EDWARD OVERTON, EVERETT R. SMITH AND GORDON K. SMITH, BY DECREE ENTERED SEPTEMBER 18, 1969, IN CASE NO. 852,793 SUPERIOR COURT, LOS ANGELES, AND RECORDED MARCH 3, 1978 AS INSTRUMENT NO. 78-237179, OFFICIAL RECORDS.

RIGHTS OF SURFACE AND SUBSURFACE ACCESS WITHIN 500 FEET OF THE SURFACE OF SAID LAND, WERE RELINQUISHED EXCEPT FOR THOSE PORTIONS OF SAID LAND DESCRIBED AS SLUSHER 16 WELL WORKING AREA AND SLUSHER 29 WELL WORKING AREA IN THE SETTLEMENT AGREEMENT RECORDED JUNE 15, 1983 AS INSTRUMENT NO. 83-673799, OFFICIAL RECORDS, AS AMENDED BY THAT CERTAIN LAND USE AGREEMENT DATED DECEMBER 12, 1985 AND RECORDED JANUARY 21, 1986 AS INSTRUMENT NO. 86-79568, OFFICIAL RECORDS.

PARCEL B:

PARCEL 4 OF PARCEL MAP NO. 17570, IN THE CITY OF SANTA FE SPRINGS, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON THE MAP FILED IN BOOK 196 PAGES 86 THROUGH 97 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF PARCEL 2 OF SAID PARCEL MAP NO. 17570, ALSO SHOWN AS PARCEL "C" ON THAT CERTAIN DOCUMENT ENTITLED, "GRANT OF WAIVER AND CERTIFICATE OF COMPLIANCE", RECORDED OCTOBER 9, 1987 AS INSTRUMENT NO. 87-1625351, OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 4: THENCE SOUTH 74° 53' 00" EAST 60.33 FEET ALONG THE SOUTHERLY LINE OF PARCEL 3 OF SAID PARCEL MAP NO. 17570 TO THE MOST EASTERLY LINE OF SAID PARCEL 3; THENCE SOUTH 15° 07' 00" WEST 8.14 FEET ALONG THE SOUTHERLY PROLONGATION OF SAID MOST EASTERLY LINE TO A LINE PARALLEL WITH AND SOUTHERLY 8.14 FEET FROM SAID SOUTHERLY LINE; THENCE SOUTH 74° 53' 00" EAST 248.25 FEET ALONG SAID PARALLEL LINE TO THE SOUTHEASTERLY LINE OF SAID PARCEL 2; THENCE ALONG SAID SOUTHEASTERLY LINE AND SOUTHERLY AND MOST WESTERLY LINES OF SAID PARCEL 2, THE FOLLOWING COURSES: SOUTH 26° 19' 52" WEST 165.66 FEET, SOUTH 74° 53' 00" EAST 36.17 FEET, SOUTH 15° 07' 00" WEST 37.00 FEET, NORTH 74° 53' 00" WEST 206.41 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 92.00 FEET, WESTERLY 12.13 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 7° 33' 25" NORTH 67° 19' 35" WEST 50.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY HAVING A RADIUS OF 72.00 FEET, WESTERLY 46.05 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36° 38' 32" AND NORTH 15° 07' 00" EAST 208.72 FEET TO THE POINT OF BEGINNING.

EXCEPTING FROM A PORTION OF SAID LAND, ALL OF THE MINERALS AND MINERAL ORES OF EVERY KIND AND CHARACTER, WITHIN OR UNDERLYING SAID LAND OR THAT MAY BE AT ANY TIME PRODUCED THEREFROM INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ALL PETROLEUM, OIL, NATURAL GAS AND OTHER HYDROCARBON SUBSTANCES AND ALL PRODUCTS DERIVED THEREFROM, TOGETHER WITH ALL RENTS, ROYALTIES AND OTHER BENEFITS ARISING UNDER ANY EXISTING OR FUTURE LEASES OR OPERATING OR OTHER CONTRACTS OR AGREEMENTS IN CONNECTION THEREWITH, AND THE EXCLUSIVE AND PERPETUAL RIGHT OF INGRESS AND EGRESS BENEATH THE SURFACE OF SAID LAND TO EXPLORE FOR, EXTRACT, PRODUCE, MINE AND REMOVE THE SAME AND TO MAKE SUCH USE OF THE SAID LAND BENEATH THE SURFACE AS IS NECESSARY OR USEFUL, IN CONNECTION THEREWITH, WHICH USE MAY INCLUDE LATERAL OR SLANT DRILLING, BORING, DIGGING OR SINKING OF WELLS, SHAFTS OR TUNNELS, PROVIDED, HOWEVER, THAT SAID FIRST PARTY, HER HEIRS, ASSIGNS, LESSEES AND/OR CONTRACTEES, SHALL NOT, IN THE EXERCISE OF ANY OF SAID RIGHTS, MAKE USE OF THE SURFACE OF SAID LAND AND SHALL USE REASONABLE CARE NOT TO DISTURB THE SURFACE OF SAID LAND OR ANY IMPROVEMENTS THEREON; AS EXCEPTED AND RESERVED BY MARGARET F. SLUSHER, A WIDOW, IN DEED RECORDED MAY 4, 1955 IN BOOK 47672 PAGE 344, OFFICIAL RECORDS.

ALSO EXCEPT AN UNDIVIDED ONE HALF INTEREST IN AND TO ALL OILS, PETROLEUM, ASPHALTUM, GAS AND OTHER KINDRED SUBSTANCES WHICH NOW ARE OR MAY HEREAFTER BE IN, ON OR UNDER ANY OR ALL OF SAID LAND, ADJUDGED TO BE OWNED BY EUGENE OVERTON,

INDIVIDUALLY AND AS TRUSTEE, SECURITY PACIFIC NATIONAL BANK. A NATIONAL BANKING ASSOCIATION, AS TRUSTEE. MATTHEW EDWARD OVERTON, EVERETT R. SMITH AND GORDON K. SMITH, BY DECREE ENTERED SEPTEMBER 18, 1969, IN CASE NO. 852.793 SUPERIOR COURT. LOS ANGELES, AND RECORDED MARCH 3, 1978 AS INSTRUMENT NO. 78-237179. OFFICIAL RECORDS.

RIGHTS OF SURFACE AND SUBSURFACE ACCESS WITHIN 500 FEET OF THE SURFACE OF SAID LAND, WERE RELINQUISHED EXCEPT FOR THOSE PORTIONS OF SAID LAND DESCRIBED AS SLUSHER 16 WELL WORKING AREA AND SLUSHER 29 WELL WORKING AREA IN THE SETTLEMENT AGREEMENT RECORDED JUNE 15, 1983 AS INSTRUMENT NO. 83-673799, OFFICIAL RECORDS, AS AMENDED BY THAT CERTAIN LAND USE AGREEMENT DATED DECEMBER 12, 1985 AND RECORDED JANUARY 21, 1986 AS INSTRUMENT NO. 86-79568, OFFICIAL RECORDS.

PARCEL C:

PARCEL 1 AND PARCELS 5 THROUGH 14 INCLUSIVE OF PARCEL MAP. NO. 17570, IN THE CITY OF SANTA FE SPRINGS, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON THE MAP FILED IN BOOK 196 PAGES 86 THROUGH 97 INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING FROM A PORTION OF SAID LAND, ALL OF THE MINERALS AND MINERAL ORES OF EVERY KIND AND CHARACTER, WITHIN OR UNDERLYING SAID LAND OR THAT MAY BE AT ANY TIME PRODUCED THEREFROM INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ALL PETROLEUM, OIL, NATURAL GAS AND OTHER HYDROCARBON SUBSTANCES AND ALL PRODUCTS DERIVED THEREFROM, TOGETHER WITH ALL RENTS, ROYALTIES AND OTHER BENEFITS ARISING UNDER ANY EXISTING OR FUTURE LEASES OR OPERATING OR OTHER CONTRACTS OR AGREEMENTS IN CONNECTION THEREWITH, AND THE EXCLUSIVE AND PERPETUAL RIGHT OF INGRESS AND EGRESS BENEATH THE SURFACE OF SAID LAND TO EXPLORE FOR, EXTRACT, PRODUCE, MINE AND REMOVE THE SAME AND TO MAKE SUCH USE OF THE SAID LAND BENEATH THE SURFACE AS IS NECESSARY OR USEFUL, IN CONNECTION THEREWITH, WHICH USE MAY INCLUDE LATERAL OR SLANT DRILLING, BORING, DIGGING OR SINKING OF WELLS, SHAFTS OR TUNNELS, PROVIDED, HOWEVER, THAT SAID FIRST PARTY, HER HEIRS, ASSIGNS, LESSEES AND/OR CONTRACTEES, SHALL NOT, IN THE EXERCISE OF ANY OF SAID RIGHTS, MAKE USE OF THE SURFACE OF SAID LAND AND SHALL USE REASONABLE CARE NOT TO DISTURB THE SURFACE OF SAID LAND OR ANY IMPROVEMENTS THEREON; AS EXCEPTED AND RESERVED BY MARGARET F. SLUSHER, A WIDOW, IN DEED RECORDED MAY 4, 1955 IN BOOK 47672 PAGE 344, OFFICIAL RECORDS.

ALSO EXCEPT AN UNDIVIDED ONE HALF INTEREST IN AND TO ALL OILS. PETROLEUM, ASPHALTUM, GAS AND OTHER KINDRED SUBSTANCES WHICH NOW ARE OR MAY HEREAFTER BE IN, ON OR UNDER ANY OR ALL OF SAID LAND, ADJUDGED TO BE OWNED BY EUGENE OVERTON, INDIVIDUALLY AND AS TRUSTEE, SECURITY PACIFIC NATIONAL BANK. A NATIONAL BANKING ASSOCIATION, AS TRUSTEE, MATTHEW EDWARD OVERTON, EVERETT R. SMITH AND GORDON K. SMITH, BY DECREE ENTERED SEPTEMBER 18, 1969, IN CASE NO. 852,793 SUPERIOR COURT, LOS ANGELES, AND RECORDED MARCH 3, 1978 AS INSTRUMENT NO. 78-237179, OFFICIAL RECORDS.

RIGHTS OF SURFACE AND SUBSURFACE ACCESS WITHIN 500 FEET OF THE SURFACE OF SAID LAND, WERE RELINQUISHED EXCEPT FOR THOSE PORTIONS OF SAID LAND DESCRIBED AS SLUSHER 16 WELL WORKING AREA AND SLUSHER 29 WELL WORKING AREA IN THE SETTLEMENT AGREEMENT RECORDED JUNE 15, 1983 AS INSTRUMENT NO. 83-673799, OFFICIAL RECORDS, AS AMENDED BY THAT CERTAIN LAND USE AGREEMENT DATED DECEMBER 12, 1985 AND RECORDED JANUARY 21, 1986 AS INSTRUMENT NO. 86-79568, OFFICIAL RECORDS.

## PHASE II

### PARCEL A:

PARCELS 2, 4, 5, 6, 7, 8, 9 AND 10 OF PARCEL MAP. NO 18640, IN THE CITY OF SANTA FE SPRINGS, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 224 PAGES 44 THROUGH 57 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AS AMENDED BY CERTIFICATE OF CORRECTION DATED MARCH 13, 1990 AND RECORDED MARCH 19, 1990 AS INSTRUMENT NO. 90-436544, OFFICIAL RECORDS.

EXCEPT FROM A PORTION OF SAID LAND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND LYING BELOW A DEPTH OF 500 FEET MEASURED VERTICALLY FROM THE SURFACE THEREOF, WITHOUT THE RIGHT OF SURFACE ENTRY THEREON AS RESERVED BY GEARY AVENUE OIL AND GAS COMPANY, LTD., IN A DEED RECORDED DECEMBER 28, 1983 AS INSTRUMENT NO. 83-1534647, OFFICIAL RECORDS.

BY A QUITCLAIM DEED RECORDED DECEMBER 30, 1985 AS INSTRUMENT NO. 85-1537960, OFFICIAL RECORDS GEARY AVENUE OIL & GAS CO., LTD. RELINQUISHED ALL MINERALS AND MINERAL RIGHTS LYING BELOW A DEPTH OF 500 FEET BENEATH THE SURFACE OF SAID LAND TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA FE SPRINGS, A PUBLIC BODY, CORPORATE AND POLITIC.

BY A QUITCLAIM DEED RECORDED DECEMBER 30, 1985 AS INSTRUMENT NO. 85-1537989, OFFICIAL RECORDS AND RECORDED MARCH 11, 1986 AS INSTRUMENT NO. 86-307088, OFFICIAL RECORDS, REDEVELOPMENT AGENCY OF THE CITY OF SANTA FE SPRINGS, RELINQUISHED ALL RIGHT, TITLE AND INTEREST NOW OWNED OR HEREAFTER ACQUIRED IN ALL MINERALS AND MINERAL RIGHTS LYING BELOW A DEPTH OF FIVE-HUNDRED FEET (500') BENEATH THE SURFACE, INCLUDING WITHOUT LIMITATION BY REASON OF THE GENERALITY OF THE FOREGOING, ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT RIGHT OF SURFACE ENTRY, TO SAGE ENERGY COMPANY, A TEXAS CORPORATION.

ALSO EXCEPT THAT PORTION OF SAID LAND LYING BELOW A DEPTH OF 500 FEET MEASURED VERTICALLY FROM THE SURFACE THEREOF, AS TO THAT CERTAIN FIVE ACRE PARCEL OF LAND DESCRIBED IN THE DEED FROM GEORGE PARKER RYAN, TRUSTEE OF THE GEORGE RYAN TRUST, RECORDED JANUARY 15, 1970 AS INSTRUMENT NO. 3699, SAID DEED PROVIDES "WITHOUT RIGHT OF SURFACE ENTRY".

ALSO EXCEPT FROM SAID FIVE ACRE PARCEL, AN UNDIVIDED HALF OF ALL MINERALS, ORES, METALS AND OTHER USEFUL AND VALUABLE DEPOSITS OF EVERY KIND, CHARACTER AND DESCRIPTION, INCLUDING ASPHALTUM, TAR, GAS, OIL, PETROLEUM AND ALL OTHER HYDROCARBON THAT MAY NOW OR THAT MAY HEREAFTER BE FOUND DEPOSITED, CONTAINED OR DEVELOPED IN, UPON, FROM OR UNDER, OR THAT MAY BE MINED, EXTRACTED, PUMPED OR WITHDRAWN IN, ANYWISE, FROM SAID FIVE ACRE PARCEL, TOGETHER WITH THE RENTS, ROYALTIES AND BONUSES THAT MAY BE HEREAFTER RECEIVED THEREFROM, AS RESERVED BY WILLIAM A. MATTERN AND GERTRUD MATTERN, IN DEED RECORDED AUGUST 1, 1922 IN BOOK 1332 PAGE 51, OFFICIAL RECORDS.

PARCEL B:

THAT PORTION OF PARCEL 2 OF PARCEL MAP NO. 17570, IN THE CITY OF SANTA FE SPRINGS, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON THE MAP FILED IN BOOK 196 PAGES 86 THROUGH 97 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, ALSO SHOWN AS PARCEL "B" ON THAT CERTAIN DOCUMENT ENTITLED, "GRANT OF WAIVER AND CERTIFICATE OF COMPLIANCE", RECORDED OCTOBER 9, 1987 AS INSTRUMENT NO. 87-1625351, OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF PARCEL 4 OF SAID PARCEL MAP NO. 17570; THENCE SOUTH 74° 53' 00" EAST 60.33 FEET ALONG THE SOUTHERLY LINE OF PARCEL 3 OF SAID PARCEL MAP NO. 17570 TO THE MOST EASTERLY LINE OF SAID PARCEL 3; THENCE SOUTH 15° 07' 00" WEST 8.14 FEET ALONG THE SOUTHERLY PROLONGATION OF SAID MOST EASTERLY LINE TO A LINE PARALLEL WITH AND SOUTHERLY 8.14 FEET

FROM SAID SOUTHERLY LINE: THENCE SOUTH 74° 53' 00" EAST 61.67 FEET  
ALONG SAID PARALLEL LINE TO THE TRUE POINT OF BEGINNING: THENCE  
NORTH 15° 07' 00" EAST 31.14 FEET; THENCE SOUTH 74° 53' 00" EAST 36.00  
FEET; THENCE NORTH 15° 07' 00" EAST 115.77 FEET; THENCE NORTH  
63° 40' 08" WEST 27.03 FEET; THENCE NORTH 26° 19' 52" EAST 47.00 FEET TO  
THE NORTHEASTERLY LINE OF SAID PARCEL 2; THENCE ALONG SAID  
NORTHEASTERLY LINE AND THE SOUTHEASTERLY LINE OF SAID PARCEL  
2, THE FOLLOWING COURSES: SOUTH 63° 40' 08" EAST 236.31 FEET, SOUTH  
26° 19' 52" WEST 47.00 FEET, NORTH 63° 40' 08" WEST 33.00 FEET AND SOUTH  
26° 19' 52" WEST 114.82 FEET TO SAID PARALLEL LINE; THENCE NORTH  
74° 53' 00" WEST 186.58 FEET ALONG SAID PARALLEL LINE TO THE TRUE  
POINT OF BEGINNING.

EXCEPT AN UNDIVIDED ONE HALF INTEREST IN AND TO ALL OILS,  
PETROLEUM, ASPHALTUM, GAS AND OTHER KINDRED SUBSTANCES  
WHICH NOW ARE OR MAY HEREAFTER BE IN, ON OR UNDER ANY OR ALL  
OF SAID LAND, ADJUDGED TO BE OWNED BY EUGENE OVERTON,  
INDIVIDUALLY AND AS TRUSTEE, SECURITY PACIFIC NATIONAL BANK, A  
NATIONAL BANKING ASSOCIATION, AS TRUSTEE, MATTHEW EDWARD  
OVERTON, EVERETT R. SMITH AND GORDON K. SMITH, BY DECREE  
ENTERED SEPTEMBER 18, 1969, IN CASE NO. 852,793 SUPERIOR COURT, LOS  
ANGELES, AND RECORDED MARCH 3, 1978 AS INSTRUMENT NO. 78-237179,  
OFFICIAL RECORDS.

PARCEL C:

PARCEL 15 OF PARCEL MAP NO. 17570, IN THE CITY OF SANTA FE SPRINGS,  
IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON  
MAP FILED IN BOOK 198 PAGES 86 THROUGH 97 INCLUSIVE OF PARCEL  
MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.  
EXCEPT AN UNDIVIDED ONE HALF INTEREST IN AND TO ALL OILS,  
PETROLEUM, ASPHALTUM, GAS AND OTHER KINDRED SUBSTANCES  
WHICH NOW ARE OR MAY HEREAFTER BE IN, ON OR UNDER ANY OR ALL  
OF SAID LAND, ADJUDGED TO BE OWNED BY EUGENE OVERTON,  
INDIVIDUALLY AND AS TRUSTEE, SECURITY PACIFIC NATIONAL BANK, A  
NATIONAL BANKING ASSOCIATION, AS TRUSTEE, MATTHEW EDWARD  
OVERTON, EVERETT R. SMITH AND GORDON K. SMITH, BY DECREE  
ENTERED SEPTEMBER 18, 1969, IN CASE NO. 852,793 SUPERIOR COURT, LOS  
ANGELES, AND RECORDED MARCH 3, 1978 AS INSTRUMENT NO. 78-237179,  
OFFICIAL RECORDS

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM  
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated December\_\_\_\_, 2003, between County of Los Angeles, a body politic and corporate ("Tenant"), and SFSHP Investors I, LLC, a Delaware Limited Liability Company ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 10430 Slusher Drive, Santa Fe Springs, California ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on \_\_\_\_\_, 2004 ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on \_\_\_\_\_, 2004 ("Commencement Date");
- (4) The Premises contain 45,290 rentable square feet of space; and
- (5) Basic Rent Per Month is \$28,985.60 per month (adjustable only as provided in Exhibit F of the lease).

IN WITNESS WHEREOF, this Memorandum is executed this \_\_\_\_ day of \_\_\_\_\_, 2004.

"Tenant"	"Landlord"
COUNTY OF LOS ANGELES, a body politic and corporate	SFSHP Investors I, LLC, a Delaware limited liability company
By: _____ Name: _____ Its: _____	By: MS Heritage Manager, LLC, a Delaware limited liability company, its Manager
	By: _____ Name: _____ Its: _____

EXHIBIT D  
HVAC STANDARDS

Excluding the space used as warehouse and storage the Landlord shall supply, cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

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## EXHIBIT E

### OFFICE CLEANING AND MAINTENANCE SCHEDULE

#### 1. DAILY (Monday through Friday)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Graffiti expunged as needed within two (2) working days after notice by Tenant.
- K. Floors washed as needed.
- L. Kitchen/Lunchroom supplies replenished including paper supplies and soap.

#### 2. WEEKLY

- A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
- B. Window sills, ledges and wood paneling and molding dusted.

#### 3. MONTHLY

- A. Floors washed and waxed in uncarpeted office area.
- B. High-reach areas, door frames and tops of partitions dusted.
- C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
- D. Picture moldings and frames dusted.
- E. Wall vents and ceiling vents vacuumed.
- F. HVAC chiller water checked for bacteria, water conditioned as necessary.

#### 4. QUARTERLY

- A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
- B. Wood furniture polished.
- C. Draperies or mini-blinds cleaned as required, but not less frequently than Quarterly.
- D. HVAC units serviced for preventative maintenance purposes, all filters changed.

#### 5. SEMI-ANNUALLY

- A. Windows washed as required inside and outside but not less frequently than twice annually.
- B. All painted wall and door surfaces washed and stains removed.
- C. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

- A. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.
- B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.
- C. Touch-up paint all interior painted surfaces in a color and finish to match existing.
- D. Carpet professionally spot cleaned as required to remove stains.

7. AS NEEDED

- A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.
- B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.
- C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning: (i) heavy traffic areas as needed with a minimum frequency of bi-monthly [six (6) times per year]; (ii) moderate traffic areas cleaned as needed with a minimum of once every six (6) months [two (2) times per year]; and (iii) clean light traffic areas a minimum of once per year. Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.
- D. All walls repainted and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence"). The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute and Occurrence for the purpose of determining the frequency of this work.

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

EXHIBIT F  
RENT SCHEDULE

Year 1	\$0.64 per square foot
Year 2	\$0.66 per square foot
Year 3	\$0.68 per square foot
Year 4	\$0.70 per square foot
Year 5	\$0.72 per square foot
Year 6	\$0.68 per square foot
Year 7	\$0.70 per square foot
Year 8	\$0.72 per square foot
Year 9	\$0.74 per square foot
Year 10	\$0.76 per square foot

First Option Period

Year 1	\$0.78 per square foot
Year 2	\$0.80 per square foot
Year 3	\$0.82 per square foot
Year 4	\$0.84 per square foot
Year 5	\$0.86 per square foot

Second Option Period

Year 1	\$0.88 per square foot
Year 2	\$0.90 per square foot
Year 3	\$0.92 per square foot
Year 4	\$0.94 per square foot
Year 5	\$0.96 per square foot

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